**TD**

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3 August 1977

United Nations Conference on Trade and Development

English
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BOARD OF GOVERNMENT (First Part)

seventeenth session

Agenda, items 1 to 5 and 7 and 8

held at the Palais des Nations, Geneva,
on Thursday, 24 August 1977, at 10.30 a.m.

President:

Dr. MACDONALD

(moderator)

Vice:

Dr. de ADO

(not taking part)

AGENDA

Opening of the session

Procedural matters (provisional agenda item 1)

(a) Election of officers

(b) Adoption of the agenda and organization of the work of the session

Constitutional, organizational, administrative and related matters (agenda item 7)

(c) Announcement of any changes in the membership of the Board and election
to membership of the main committees

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Official Records Editing Section, room D.4108, Palais des Nations, Geneva, within
one week of receiving the record in their working language.

Corrections to the records of the meetings of the Board at the first part of the
seventeenth session will be consolidated in a single corrigendum to be issued shortly
after the end of that part of the session.

13. The seventeenth session of the Board was held at the mid-point between the fourth and fifth sessions of UNCTAD: it was therefore time to review and appraise the follow-up to the fourth session and, in the light of experience, to formulate new approaches for future negotiations. It now had to be admitted that the Negotiating Conference on a Common Fund had failed, and to various degrees that was also true of the negotiations on various commodities. It was to be hoped that the commitment undertaken by the participants in the Conference on International Economic Co-operation and the concern expressed by the Ad Hoc Intergovernmental Committee for the Integrated Programme for Commodities at the poor result achieved, would initiate new and more constructive action.

14. The Board could also review the action taken to give effect to Conference resolution 95 (IV) on trade relations among countries having different economic and social systems, on the basis of a detailed study and a note by the secretariat (TD/B/E.1.65 and Add.1; TD/B/E.1.67). Advantage should be taken of the growing potential in that area to formulate new and more dynamic proposals.

15. At its sixth special session, the General Assembly had recognized the essential role of collective self-reliance in the new international economic order, and the Nairobi Conference had given it political momentum by setting up the Committee on Economic Co-operation among Developing Countries. The Board was now called upon to give substance to the work of that committee.

16. The problem of the external indebtedness of developing countries, the gravity of which was recognized by all, was an urgent one. The two special sessions of the Board devoted to that problem were a re-affirmation of the need to find a solution in the interests of both debtors and creditors.

17. On all these points, the Board would have an opportunity at its seventeenth session to define guidelines and new priorities for the next meetings to be held in the coming months, so that the commitments undertaken at political level would lead within an agreed period of time to concrete action.

Election of the Rapporteur

18. Mr. LALOVIĆ (Yugoslavia), speaking on behalf of the Group of 77, nominated Mr. Barona (Mexico).

19. Mr. Barona (Mexico) was elected Rapporteur by acclamation.

Election of Vice-Presidents

16. Mr. HESSEL (France), speaking on behalf of Group B, nominated Mr. de Castro (Spain), Mr. Fèvre (France), Mr. Seo (Japan) and Mr. Haugestad (Norway).

17. Mr. LALOVIĆ (Yugoslavia), speaking on behalf of the Group of 77, nominated Mr. Real (Uruguay), Mr. El-Shafei (Egypt), Mr. Nzue Mvoghe (Gabon) and Mr. Khan (Pakistan).

19. Mr. RAJKINE (Union of Soviet Socialist Republics), speaking on behalf of Group B, nominated Mr. Pashkov (Ukrainian Soviet Socialist Republic) and Mr. Fabian (Hungary).

20. Mr. de Castro (Spain), Mr. Fovon (France), Mr. Ben (Japan), Mr. Newsted (Canada), Mr. Abel (Sweden), Mr. de Winter (Netherlands), Mr. Hovv (Norway), Mr. Hovv (Denmark), Mr. Pashkov (Ukrainian Soviet Socialist Republic) and Mr. Fabian (Hungary) were elected Vice-Presidents by acclamation.

NOTES OF THE AGENDA AND ORGANIZATION OF THE WORK OF THE SESSION (agenda item 1 (a)) (TD/2/25 and Add.1 and 2)

21. The PRESIDENT proposed that the Board should adopt the provisional agenda as approved during the first part of the sixteenth session, together with the amendments it had seen fit to make to item 1 (TD/2/25 and Add.1).

22. It was so decided.

23. The PRESIDENT drew the Board's attention to the secretariat's proposals on the establishment of the ad hoc committees and the allocation of agenda items to each of them (TD/2/25/Add.2). In the absence of any objection, he would consider that the Board had adopted those proposals.

24. It was so decided.

25. The PRESIDENT invited the Board to decide on the proposal for establishing a contact group of limited size but on a broad geographical basis to consider items 7(a) and 7(b) (TD/2/25/Add.2, para.5). In the absence of any objection he would consider that the Board had adopted that proposal.

26. It was so decided.

27. The PRESIDENT invited the Board to consider the tentative time-table of meetings (TD/2/25/Add.2).

28. Mr. RAJKINE (Union of Soviet Socialist Republics), speaking on behalf of Group B, said that in view of the fact that during the session and concurrently with the meetings of Committee II, multilateral and bilateral negotiations would take place between countries with different social and economic systems, it would be preferable to provide for two meetings of Committee II during the first week and three meetings during the second week.

29. It was so decided.

30. The tentative time-table of meetings, as amended, was adopted, subject to possible amendments in the light of developments.

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATIVE MATTERS (agenda item 7):

- (a) ANNOUNCEMENT OF ANY CHANGES IN THE MEMBERSHIP OF THE BOARD AND ELECTION TO MEMBERSHIP OF THE MAIN COMMITTEES

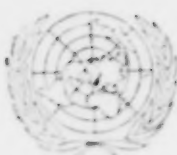
30. The PRESIDENT said he had been informed by the Secretary-General of UNCTAD that the United Republic of Tanzania had indicated its wish to become a member of the Board. In the absence of any objection, he would consider that the Board accepted that request.

31. It was so decided.

32. The PRESIDENT proposed that 5 p.m. on Monday, 25 August should be the time-limit for the submission of written notifications by States wishing to become members of any of the main Committees.

33. It was so decided.

The meeting rose at 12.42 p.m.

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United Nations Conference on Trade and Development

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1977

12/12/57

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There have been several attempts to establish a permanent institution for the study of international law, but none have been successful.

The first attempt was made in 1874, when the International Commission for the Study of the History of International Law was established. This commission was composed of representatives of the various nations of the world, and its task was to study the history of international law and to report on its findings. The commission's report was published in 1875, and it was a landmark document in the history of international law. It was the first time that a group of representatives of the various nations of the world had met to discuss the history of international law, and it was the first time that a group of representatives of the various nations of the world had agreed on a common definition of international law. The commission's report was a landmark document in the history of international law, and it was a landmark document in the history of international law.

The second attempt was made in 1906, when the International Commission for the Study of the History of International Law was established. This commission was composed of representatives of the various nations of the world, and its task was to study the history of international law and to report on its findings. The commission's report was published in 1907, and it was a landmark document in the history of international law. It was the first time that a group of representatives of the various nations of the world had met to discuss the history of international law, and it was the first time that a group of representatives of the various nations of the world had agreed on a common definition of international law. The commission's report was a landmark document in the history of international law, and it was a landmark document in the history of international law.

7. In its resumed session in September 1977, the Council Assembly would itself be considering the outcome of the Paris dialogue on international economic co-operation. Whatever the Agreement's outcome, the issues discussed would need to be pursued within the framework of the United Nations itself. UNCTAD would no doubt be called upon to carry the bulk part of the process of dialogue and negotiation. Most of the issues discussed under the heading of a North-South dialogue had long been of major concern to UNCTAD, which was more prepared to contribute to their further development. Even in the course of the discussion on energy, he had been impressed by the central place of other aspects of the problem that dealt with the transfer of technology and that were of direct interest to UNCTAD in the light of its experience and involvement in that important subject.

8. The fifth session of UNCTAD, scheduled for 1978, would have to be seen in the context of the ongoing dialogue on economic and relations between developed and developing countries. At present, with so many negotiations on events in progress, it was difficult to be specific about the particular issues that would come before the session. The negotiations under the Integrated Programme for Commodities, and those on the Code of Conduct for the Transfer of Technology, the ministerial meeting on debt, and the multilateral trade negotiations, were due to be completed before the fifth session in 1978. The issues before the Conference would depend, inter alia, on the results of those negotiations and the manner in which they and other major issues unfolded in the intervening period. The Board might therefore leave the provisional agenda for the fifth session of UNCTAD to be drawn up at its eighteenth session, meanwhile taking the basic organizational decisions necessary to launch the preparations for the Conference.

9. He also drew attention to work in other areas of major significance which, although they did not at present involve negotiations, were nevertheless of vital importance and had in many cases been given a strong impetus by the Nairobi Conference and subsequently by the Board. One such area was economic co-operation among developing countries. In pursuance of the decisions taken at Nairobi, an intergovernmental committee had been established on the subject as part of the permanent machinery of UNCTAD. Co-operation among developing countries was rapidly gaining momentum and opening up new and important vistas of great potential for the future. UNCTAD had a considerable work programme in that field, which would be one of its major concerns long. The Board at its present session was called upon to take certain decisions with regard to the implementation of the programme.

10. UNCTAD was also becoming a focal point for the problems relating to the least developed, land-locked and island developing countries - problems that were often of a special character and special urgency. It attached great importance to its work programme in that field.

11. It was also concerned with implementing the provisions of the resolutions adopted at Nairobi with regard to trade among countries having different economic and social systems. The establishment of a sessional committee to deal with that subject as a feature of the Board's regular sessions was one of

The Committee is the highest authority within the organization of the Board's present work. The Committee has accepted a policy of limited participation by members of other departments, including the Secretariat, in the work of the Board. The Committee has decided to maintain the Committee as the central authority for the Board's work and to limit the participation of other departments. It has also decided to limit the participation of other departments in the work of the Committee. It has also decided to limit the participation of other departments in the work of the Committee.

12. Article 12 of the Charter of the United Nations, which provides for the maintenance of international peace and security, is the basis of the work of the Board. The Board's work is to maintain international peace and security. The Board's work is to maintain international peace and security. The Board's work is to maintain international peace and security.

13. A number of people, including the Secretary-General, have suggested that the Board should be given more power. The Board has decided to maintain its present powers. The Board has decided to maintain its present powers. The Board has decided to maintain its present powers.

14. The SECRETARY-GENERAL said that he shared the concern of the Secretary-General of the United Nations regarding the work of the Board. The Board's work is to maintain international peace and security. The Board's work is to maintain international peace and security. The Board's work is to maintain international peace and security.

15. Mr. LAUREN (Singapore), speaking in support of the work of the Board, suggested that the instructions and official documents of the Secretary-General of the United Nations, which are of great importance to all members of the Board, should be circulated as an official document of the Board.

16. Mr. LAUREN (Singapore) said that the instructions and official documents of the Secretary-General of the United Nations, which are of great importance to all members of the Board, should be circulated as an official document of the Board.

17. The PRESIDENT said that, in the absence of any objection, he would take it that the Board had agreed to the proposal that the statement by the Secretary-General of the United Nations should be circulated as an official document.

18. It was so agreed.

The meeting rose at 1.00 p.m.

**TD**

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15 August 1977
FRENCH
Original: ENGLISH

United Nations Conference on Trade and Development

TRADE AND DEVELOPMENT BOARD

Seventeenth Session (First Part)

OFFICIAL RECORD OF THE SEVENTH MEETING

19th to 21st February 1977, Geneva,
Switzerland, 10-12 March 1977, at 11.00 a.m.

Presided by: Mr. J. S. G. (S. G. G.) (S. G. G.)

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Organization of work (continued)

Interdependence of problems of trade, development, finance and the international monetary system (agenda item 2)

Other particular matters in the field of trade and development (agenda item 6):

(a) Progress in the implementation of:

- (i) Special measures in favour of the least developed among the developing countries
- (ii) Specific action related to the particular needs and problems of inland developing countries
- (iii) Specific action related to the particular needs and problems of land-locked developing countries

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Net annual borrowing of developing countries, excluding oil exporters, from private capital markets was expected to remain close to \$10 billion but the ratio of debt service payments to export earnings was expected to increase from 18 per cent in 1976 to about 29 per cent in 1978.

16. That outlook clearly indicated an urgent need for policy measures to avert a new slow-down in the world economy. A general decline would be a serious matter for the international community. The events of 1974/1975 showed that a general downward movement could become self-reinforcing, and it could not be assumed that the counter-cyclical action exerted by capital markets during the past recession could be repeated. It was, in fact, doubtful whether countries with current account deficits could again offset the effects of world recession through external financing, since several of them had already reached the limits considered prudent by capital markets. A new down-turn might therefore not only adversely affect income and employment levels but might produce strains in the areas of international finance and trade policies. Fortunately, these disturbing prospects for the world economy were not inevitable: there were policies by which Governments could avert the dangers of a new recession and re-establish full employment and economic growth.

17. It was in that spirit that, in the report under consideration, the secretaries had singled out five areas for priority consideration by the Board: demand management, the balance-of-payments adjustment process, trade policies, international price stability, and investment.

18. Weak demand appeared increasingly to be the most important single factor clouding the outlook for 1978 and 1979. The problem of demand management might be studied from three viewpoints. First, there might be a reflation of the world economy through measures of stimulation in developed countries with a current account surplus. Such a policy would be unlikely to cause a new wave of inflation, since there was at present ample spare capacity and the prices of many commodities either remained low or were falling. Secondly, it was increasingly evident that the important demand of developing countries was an essential element of world demand and world trade, so that measures for increasing the purchasing power of developing countries' exports would not only be useful for those countries but would also have a powerful counter-cyclical effect at the world level. Commodity price stabilization would not only benefit the exporters of the products concerned but would help to balance world economic relations. Lastly, public capital contributions to the developing countries had a part to play in demand management by compensating for the loss in the purchasing power of their exports. Public fund contributions, however, depended heavily on budget allocations in donor countries, and it appeared on the whole that disbursements did not have a counter-cyclical effect but moved rather in the direction of the economic cycle. Measures designed to speed up such disbursements could greatly help to sustain world demand, and it was from that point of view that the proposal for waiving debt repayments on official loans to the most seriously affected countries for a specific period should be considered. Some developed countries were prepared to accept that proposal, while others were more wary. Other measures having the same effect as debt relief might be considered for speeding up the net transfer of resources from developed to developing countries.

19. With regard to the balance-of-payments adjustment process, it was known that international payments had recently been characterized by large and apparently persistent imbalances. The floating of exchange rates had certainly helped to relieve those imbalances, but that remedy had soon proved to be insufficient for making the necessary adjustments in the world economy. Moreover, it was generally admitted that much of the disequilibrium could not and should not be corrected solely by means of deflationary policies applied in deficit countries and that it was necessary to have recourse to financing on appropriate conditions. Official balance-of-payments support facilities seemed to play only a secondary role, and increasing application was being made to private capital markets for financing the exceptional deficits of a number of countries. There was therefore a danger that the majority of developing countries, which did not have access to private capital markets, would be excluded from financing. A further danger was that market sentiment with regard to credit-worthiness might change abruptly, and it was quite possible that lenders anticipating a downswing might withdraw their funds at the very moment when the deficit countries were in greatest need of them. The time had come, therefore, to reconsider the question of creation of international liquidity and its distribution and the means through which Special Drawing Rights (SDRs) would become the central reserve of the international monetary system.

20. During the 1974-1975 recession, the developed countries had generally avoided recourse to protectionist measures, but the hesitant nature of the recovery had recently given rise to the application of some of them. Protectionist policies would not only be doomed to failure, but would also be discriminatory, since with their main objective of protecting domestic employment they tended to discriminate against trade in labour-intensive products, in which the developing countries enjoyed a comparative advantage. That was a real danger, and Governments should renew their commitment to avoid any restrictive policy and begin to consider the possibility of developing a sufficiently open, symmetrical and equitable framework for international co-operation.

21. The problem of price instability at the international level was far from being solved, since the appropriate mix of policies varied from country to country and according to the origin of the inflationary pressures. Moreover, the solution could not be found simply in domestic management; it would have to encourage control of complex interactions between national economies and international markets, and in particular of the interdependence between price instability at the global level and instability in primary commodity markets. It was noted, for example, that price rises for commodities had, with a certain lag, been passed on in increased prices for manufactures, while falls in commodity prices had rarely been followed by depressed prices for manufactures. Thus, any rise in commodity prices had been manifested in higher prices throughout, and that had restrained Governments from allowing output to be maintained at its maximum possible level. To be effective, efforts to help in international economic stabilization must include measures to stabilize and improve commodity markets. That was one of the objectives of the Integrated Programme for Commodities, and in particular of the financing of buffer stocks through a common fund.

22. There was general stagnation in the investment sector, both in developing and in developed countries. The situation in developing countries was the result of shortfalls in the purchasing power of exports and stagnation in net flows of official development assistance, while its causes in developed countries were a subject of great controversy. In any event, the problem deserved priority attention at the international level in view of its influence on the long-term prospects for the world economy and world trade.

23. Mr. KURDI (Saudi Arabia) emphasized the extreme importance of the question of the interdependence of problems of trade, development finance and the international monetary system, and wondered whether it would not be advisable to defer consideration of it so that delegations could make a detailed study of the relevant reports of the secretariat (TD/B/665 and Add.1 (parts I and II)), which had been circulated at a late hour.

24. Mr. IALOWIC (Yugoslavia) said that the excellent statement by the Director of the Division had shown that the Board should resolutely tackle world economic problems and, in particular, those of the developing countries. His delegation attached great importance to the Board's activities concerning the interdependence of problems of trade, development finance and the international monetary system and felt that UNCTAD was the proper body to deal with them. It was therefore necessary to determine what was, in practice, the best way of keeping the question under study and achieving co-ordinated solutions.

25. The meeting of government experts responsible for studying the question had been postponed until 12 December, so that the Board at its current session did not have the benefit of the findings and decisions of the experts, and any suggestions should be addressed to the Board itself.

26. The analysis of certain problems and the world economic outlook (TD/B/665 and Add.1) showed the lines along which general policy decisions should be taken. The discussion should not be too general and should cover specific questions of particular interest to the developing countries. Account should also be taken of the work done by different bodies on different occasions, and consultations should be held with them.

27. Consideration might be given to decisions aimed at assigning new tasks to existing committees or other bodies or at setting up ad hoc committees for specific projects. A rapid study should also be made of certain problems which must be solved in the near future.

OTHER PARTICULAR MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT (agenda item 6)

PROGRESS MADE IN THE IMPLEMENTATION OF:

- (i) SPECIAL MEASURES IN FAVOUR OF THE LEAST DEVELOPED AMONG THE DEVELOPING COUNTRIES
- (ii) SPECIFIC ACTION RELATED TO THE PARTICULAR NEEDS AND PROBLEMS OF ISLAND DEVELOPING COUNTRIES
- (iii) SPECIFIC ACTION RELATED TO THE PARTICULAR NEEDS AND PROBLEMS OF LAND-LOCKED DEVELOPING COUNTRIES (agenda item 6 (a))
(TD/B/AC.21/2 and 3)

28. The PRESIDENT informed the Board that the Secretary-General of UNCTAD intended to convene an ad hoc group of experts in the near future to study different questions whose solution would help to improve growth and prosperity in the least developed among the developing countries.

29. With regard to island developing countries, the General Assembly, in resolution 31/156, had invited the executive heads of the organizations concerned within the United Nations system to continue their efforts on behalf of those countries and had urged all Governments to lend their support for the specific action envisaged in that respect. In conformity with resolution 31/156, paragraph 3, the Secretary-General of the United Nations had prepared a progress report (A/32/126) which was to be presented to the General Assembly.

30. Concerning the land-locked developing countries, the Secretary-General of UNCTAD, in conformity with Conference resolution 98 (IV), paragraph 96, had undertaken pilot studies to evaluate transit costs. The results of those studies, as well as new recommendations for action in favour of land-locked developing countries, would be presented to the Board at one of its sessions in the near future.

31. Mr. BANT (Secretariat) emphasized the importance of some of the activities carried out in favour of the three categories of countries in question. In conformity with resolution 98 (IV), paragraph 96, the Secretary-General of UNCTAD would convene an ad hoc group of experts to study improved methods for expanding the exports of the least developed countries and to ensure their more efficient procurement of imports. It would meet in February 1978. In addition, a group of experts would meet from 13 to 21 October 1977 to study the problems of feeder and inter-island transport operations of developing island countries. For the land-locked developing countries, the UNCTAD secretariat had undertaken the initial pilot costing studies of transit costs in application of resolution 98 (IV), paragraph 96. The General Assembly had approved the statutes of the Special Fund for land-locked developing countries. An initial pledging conference would be held in New York in November 1977.

32. Mr. AHMAD (Bangladesh) said that, in his opinion, the documentation presented to the Board showed that the secretariat had already taken certain steps which, though important, applied only to certain items. In resolution 98 (IV), however, which dealt with special measures to be taken in favour of three categories of countries, the Conference had asked the Secretary-General of UNCTAD to keep the progress in the implementation of those measures under constant review and report on them to the Board. The documents which had been presented were interesting, but several points mentioned in resolution 98 (IV) might perhaps deserve more attention, in particular sections D, E and F. It was likely that delegations of the countries belonging to one of the three categories mentioned would wish to reflect on those questions and make comments. It would therefore be better not to close the debate on that agenda item.

33. Mr. TARZI (Afghanistan) supported the comments made by the representative of Bangladesh.

The meeting rose at 12.55 p.m.

**TD**

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29 August 1977

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United Nations Conference on Trade and Development

TRADE AND DEVELOPMENT BOARD

Seventeenth session

SUMMARY RECORD OF THE 469th MEETING

held at the Palais des Nations, Geneva,
on Wednesday, 24 August 1977, at 4.30 p.m.

President: Mr. de ALMEIDA (Sri Lanka)

CONTENTS

Interdependence of problems of trade, development finance and the international monetary system (agenda item 2) (continued)

Other particular matters in the field of trade and development (agenda item 6) (continued)

(c) Progress in the implementation of:

- (i) Special measures in favour of the least developed among the developing countries
- (ii) Specific action related to the particular needs and problems of island developing countries
- (iii) Specific action related to the particular needs and problems of land-locked countries

Revision of the rules of procedure of the Board and its main Committees (agenda item 7 (c))

Rationalization of the structure of the permanent machinery of UNCTAD (agenda item 7 (d))

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INTERDEPENDENCE OF PROBLEMS OF TRADE, DEVELOPMENT FINANCE AND THE INTERNATIONAL MONETARY SYSTEM (agenda item 7 (TD/B/669 and Add.1 (Part I) and Add.1 (Part II), UNCTAD/CN.1015)(continued)

1. The PRESIDENT invited the Secretary-General of the Inter-Governmental Maritime Consultative Organization to address the Board.
2. Mr. SRIVASTAVA (Secretary-General of the Inter-Governmental Maritime Consultative Organization) said that IMCO had expanded rapidly in recent years and now had 103 members, more than two-thirds of them developing countries of Africa, Asia and Latin America. Recognizing that IMCO was now truly universal in character, its Assembly had decided to change the name of the Organization to a simpler and more expressive one: International Maritime Organization.
3. IMCO now had three fundamental objectives, the first being the promotion of world-wide co-operation to achieve the maximum practicable standards of maritime safety and efficiency in navigation by ensuring that ships engaged in international maritime trade were built to high technical standards and were operated in such a way as to ensure the safety of the lives of seafarers and passengers, of the ships themselves, and of the cargoes transported across the oceans. To achieve that, IMCO had promoted conventions, recommendations and codes of practices covering such subjects as the structure, design and equipment of vessels, safe stowage of cargoes and safe navigation of vessels. The importance of that work was self-evident in an age of giant tankers of over half a million tons deadweight, chemical tankers carrying dangerous cargoes, and so on.
4. The second objective of the Organization was to prevent and combat marine pollution caused by ship discharges and maritime accidents - a matter of great concern to all countries, developed or developing. To that end, IMCO had developed comprehensive international standards for the construction and equipment of vessels as well as their operation.
5. The third objective was to provide technical assistance to developing countries in regard to maritime transport. In international shipping, the relative position of the developing countries was most unsatisfactory, in spite of the Development Decade and the resolution relating to the new international economic order stressing the need for developing countries to have a more equitable share. The most serious handicap for the developing world was the inadequacy of national maritime expertise. Shipping was becoming a more and more highly sophisticated technical industry. IMCO was therefore promoting a well-co-ordinated and practical programme of technical assistance, with great emphasis on the training of nationals of the developing countries in navigation, marine engineering, naval architecture, radio communications and electronics. It was associated with the establishment of maritime training institutions in a

large number of countries in various parts of the world, and it was also assisting the developing countries in matters such as appropriate maritime safety administrations, maritime legislation, the organization of ship-building and repairing facilities, port development and operation, simplified procedures for quick turn-round facilities for vessels in ports, and the prevention and control of marine pollution from ships.

6. IMCO now had personal contact with maritime administrations in developing countries through its Regional Advisers in Africa, Asia and Latin America, who visited developing countries and endeavoured to render assistance on the spot. Where the issues were more complex, missions were organized with financial support from UNDP or from government agencies such as NORAD in Norway, SIDA in Sweden and similar bodies in other countries.

7. His Organization was well aware that the developing countries needed assistance not only in matters within IMCO's competence but also in economic and commercial matters within the competence of UNCTAD, and he paid a tribute to the excellent work of the Shipping Division of UNCTAD in providing technical assistance to developing countries in matters within its own field of competence. It was obvious that IMCO and UNCTAD should co-ordinate their activities as much as possible so as to avoid wasteful duplication of effort and to maximize the help given to the developing world. The two bodies met from time to time at secretariat level, and as a result of their discussions they had further improved their co-operation and reached a very clear understanding as to how they should go about their specific tasks. Both wanted to serve the developing countries effectively in their endeavours to build up adequate and efficient national merchant marines and maritime ports.

8. Both the content of IMCO's technical co-operation programme and the policy he had just outlined had the unanimous backing of the entire membership of the Organization. Indeed, IMCO's Assembly had decided to incorporate the functions of its Technical Co-operation Committee in its Charter, making IMCO, he believed, the first United Nations agency to demonstrate the importance of technical co-operation work in that manner.

9. Referring in particular to items 5 (d), 5 (e) and 7 (h) of the Board's agenda as being technically of the greatest interest to IMCO, he said that multimodal transport and containerization, which involved both technical and economic questions, clearly called for close co-operation between IMCO and UNCTAD. The term multimodal transport had a number of meanings depending on the context in which it was used. For example, in the important deliberations of the Intergovernmental Preparatory Group established by the Board, consideration of multimodal transport focused on the development of an internationally uniform legal regime governing contracts for such transport. The term could also be used in a general sense to describe carriage by more than one form of transport.

10. Insofar as sea transport was the major and often the determining link in the international multimodal transport chain, IMCO bore a major responsibility for its technical efficiency and safety, and it was at present engaged in a major review of the technical and safety aspects of roll-on/roll-off transport (RO-RO) and was studying similar aspects of lighter-aboard-ship (LASH) or ship-borne barge systems. The problems there were essentially those of maritime transport technology, but because the transport units (the vehicle and the barge) were carried by more than one mode of transport, those operations were considered as examples of multimodal transport.

11. IMCO was also concerned with the problem of interface between sea and land transport modes, and was involved in current efforts to develop a multimodal or intermodal approach to major problems in the extremely important field of the international transport of dangerous goods.

12. IMCO had a long and significant involvement with the technical aspects of container transport. The transport of goods in containers did not have to be multimodal, since certain containers could be used in one mode of transport only but most containers could be used in more than one mode, and that raised important technical problems which had required regulation at the international level.

13. With regard to the transport of containers by sea, it would be recalled that IMCO had initiated the International Convention for Safe Containers (CSC) adopted by the United Nations/IMCO Conference on International Container Traffic in 1972. The Convention was "multimodal" in that it applied to containers used in all modes of international transport, except those specially designed for air transport, and its two principal objectives were to maintain a high level of safety in the use of containers and to facilitate their movement internationally.

14. Under agenda item 5 (e), the Board would be considering appropriate arrangements for further action on international container standards in the light of the Ad Hoc Intergovernmental Group's reports. That was a matter of fundamental concern to IMCO. The technical aspects of the container itself, i.e. its dimensions, structure, strength and handling features, were inextricably linked with aspects of the ship in which it would be carried, such as design, construction, equipment and operational procedures. For 10 years, the IMCO Maritime Safety Committee's Sub-Committee on Containers and Cargoes had devoted many sessions to the discussion of such matters as international container standards, the safe loading and carriage of containers aboard ships, and the proper stowage of cargoes in containers. In that work IMCO maintained close co-operation with the International Standardization Organization (ISO).

15. One of the matters under consideration at the present session was the procedure to be adopted for the future consideration by UNCTAD of the subject of container standards. IMCO would not wish to comment on the procedures to be adopted by UNCTAD; but it had had a long and significant involvement in the technical, safety and operational aspects of container transport which it would continue to pursue, where appropriate in co-operation with UNCTAD and other

organizations within the United Nations system. Such co-operation was essential in view of the importance of the necessary links between the technical and non-technical aspects of containerization as a new development in transport. He therefore trusted that whatever aspects were adopted by UNCTAD for future consideration, due account would be taken of IMCO's continuing work in those areas. He assured the Board that IMCO would co-operate fully with UNCTAD and its secretariat in that and other areas.

16. Referring in conclusion to the statement in document TD/D/L.476 that in presenting his specific proposals to the Board in the second part of its seventeenth session regarding the matters referred to in the document, the Secretary-General of UNCTAD would take full account of the responsibilities of IMCO, among other organizations, he welcomed that statement on behalf of IMCO and requested the Secretary-General of UNCTAD to convene a meeting of the executive heads of those organizations to examine that matter in a co-ordinated manner, with due regard for the concerns and responsibilities of each organization.

17. The PRESIDENT thanked the Secretary-General of IMCO for his offer of assistance to UNCTAD in regard to shipping. IMCO's experience in the field of multimodal transport would be particularly useful.

18. Mr. GONZALEZ de LEON (Mexico) requested that the IMCO statement be circulated as an official document of the Board.

19. Mr. MORALES (Colombia), speaking on behalf of the Latin American Group, supported the Mexican proposal.

20. Mr. ADEBANJO (Secretary of the Board) said he hoped that representatives would be satisfied if the statement was circulated in English and French only, for financial reasons.

21. Mr. GONZALEZ de LEON (Mexico), supported by Mr. EL FATTAL (Syrian Arab Republic), urged that the statement be circulated in all the official languages.

22. Mr. ADEBANJO (Secretary of the Board) pointed out that under General Assembly resolution 2538 (XXIV) statements could be reproduced in extenso only if they were to serve as a basis for discussion. The publication of the document in the six official languages would cost approximately \$3,375.

23. The PRESIDENT said that the statement of the Secretary-General of IMCO would be issued in the six official languages.

OTHER PARTICULAR MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT (TD/B/AC.21/2 and 21/3; L/32/126) (agenda item 6) (continued)

(c) PROGRESS IN THE IMPLEMENTATION OF:

(i) Special measures in favour of the least developed among the developing countries;

(ii) Specific action related to the particular needs and problems of island developing countries;

(iii) Specific action related to the particular needs and problems of land-locked developing countries.

24. Mr. SUSSEX (International Confederation of Free Trade Unions), speaking at the invitation of the President under rule 79 of the rules of procedure, said he would focus his remarks on the negotiations in the Integrated Programme for Countries. He questioned the wisdom of trying to remedy the present depression through investment-led growth and higher profit margins. The problem was not lack of liquidity but the failure to invest it productively enough, and since that could only be remedied through full utilization of capacity, investment was not a reliable force for growth in a slump.

25. Governments, in co-operation with employers and workers, should make a direct attack on unemployment through socially useful programmes in the fields of health, housing, energy and public transport. Since programmes of that kind transformed persons receiving social welfare benefits into taxpayers, they would help to balance the public budget and bring inflation under control.

26. With regard to the access of manufactures produced by the developing countries to the markets of the industrial nations, ICFTU had supported the Integrated Programme at the fourth session of UNCTAD at Nairobi in keeping with its long-standing commitment to the idea of global commodity agreements. At the sixty-third session of the Economic and Social Council it had also supported the idea of establishing a common fund to finance buffer stocks as a vital element in the Integrated Programme, and it was in favour of the establishment of other mechanisms as well, such as multilateral supply and purchase agreements for non-storable commodities, and compensatory financing of export earnings on the lines of the Lomé Convention Stabex scheme.

27. With regard to the connexion between the situation in commodity markets and international monetary reform, ICFTU was concerned about the increasing speculation in these markets, which during a period of renewed economic activity led to sharp increases in commodity prices, inflation and pressures to restrict demand to levels well below capacity utilization. The fundamental solution to speculation was, of course, the reform of the international monetary system. The creation of international liquidity should be brought under control, and liquidity should be distributed more equitably. A link should also be established between the creation of SDRs and development assistance, and co-ordinated international action should be taken to control the futures markets to ensure that futures prices bore some relation to real supply conditions. The common fund management would have a role to play in that respect.

28. Although ICFTU understood the call for the automatic indexation of commodity prices to those of manufactures, it felt that the maintenance of long-term purchasing power required not only supplementary purchases or sales from a stockpile but permanent control over the production of substitutes as well as of the commodity itself, from both new and traditional sources. It noted with regret that little progress had been made in that respect at the Paris Conference, and it therefore suggested: (a) that UNCTAD in co-operation with GATT investigate the possibility of establishing price indexation schemes for selected commodities of special interest to the least developed countries, and (b) that developing countries be helped to increase value added through processing and diversification, and that the industrialized countries be induced to cease levying higher duties on processed and semi-processed primary products than on the same products in their original form.

29. ICFTU had always contended that the main aim of reorganizing commodity markets should be to increase the benefits to plantation and mine workers, small farmers and individual consumers. To achieve that, the commodities covered by the Integrated Programme had to be of export interest to the developing countries, the least developed being given preferential treatment, and the gap between the final consumer price and the price paid to the grower or producer had to be narrowed. It was to be hoped that UNCTAD would continue to make further studies on those aspects. But mine and plantation workers would not benefit from commodity agreements unless they were part of an integrated approach to basic needs and trade union rights were respected. The ILO and other bodies had set out detailed guidelines in that respect. UNCTAD might co-operate with the ILO in informing those concerned about economic and social conditions in sectors covered by future commodity agreements.

30. In co-operation with the International Monetary Fund, UNCTAD should study how the establishment of buffer stocks for commodities could advance international monetary reform. Mechanisms such as a commodity value guarantee for SDRs had been suggested by certain economists and statesmen. Some such action was urgently required, since SDRs would not be accepted as an international reserve unless their value was guaranteed, and in the absence of a stable monetary medium there was a permanent danger of speculation in all commodities.

31. The debt problem of the developing countries, where the danger of widespread defaulting was now acute, was a major obstacle to sustained economic growth in every part of the world. Instead of an overall moratorium it might be more fruitful to seek special assistance, and selective but generous relief from both public and private debts, with the aim of enabling the developing countries to pursue full employment policies. Debt relief measures were, of course, only one aspect of the financial issues facing those countries; equally important were the overall transfer policies of the developed countries, which should at least reach the targets set by the Strategy for the Second Development Decade. ICFTU hoped that these would bring a breakthrough in that respect at the UNCTAD ministerial meeting to be held early in 1973.

32. Ms. PAL (International Alliance of Women), speaking at the invitation of the President under rule 70 of the rules of procedure, stated that the aims of the International Alliance were to establish real equality of status and opportunities between men and women and take part in constructive work for good understanding between nations.

33. It was important to include women in all development planning and projects on a footing of equality with men, particularly in the scientific and technological spheres. Discussions at seminars held by the Alliance in developing countries had revealed that women and girls seldom received training, and when employed on projects tended to be given unskilled or lower-paid work. In Asia, and in most parts of Africa, over 80 per cent of the agricultural workers were women, who were at the bottom of the ladder in every respect.

34. Close links should be maintained between the development programmes of the United Nations system and the programme of the United Nations Decade for Women. She appealed to UNCTAD for its co-operation in achieving the full integration of women into the life of present-day society.

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS (agenda item 7)

(c) REVISION OF THE RULES OF PROCEDURE OF THE BOARD AND ITS MAIN COMMITTEES
(TD/B/L.474)

35. The PRESIDENT drew attention to the secretariat Note (TD/B/L.474) containing suggestions for the amendment of rules 20 and 70 of the Board's rules of procedure concerning terms of office and summary records of public plenary meetings respectively.

36. The secretariat had indicated that the rules of procedure of the main committees of the Board required amendment to take into account the revision of the Board's rules of procedure, the decision to include Arabic as one of its official and working languages, and the decision to dispense with summary records for the main committees. The changes had been taken into account in the rules of procedure of the Committee on Transfer of Technology and the draft rules of procedure of the Committee on Economic Co-operation.

37. He proposed that the item should be taken up in the Contact Group, as decided at the Board's 466th meeting.

38. It was so agreed.

(d) RATIONALIZATION OF THE STRUCTURE OF THE PERMANENT MACHINERY OF UNCTAD
(TD/B/622 and Corr.1, TD/B/660)

39. The PRESIDENT drew attention to the report by the Secretary-General of UNCTAD (TD/B/622 and Corr.1), especially paragraphs 38-43 and annex II. The note by the UNCTAD secretariat on Meetings of the Working Party on the UNCTAD programme budget and the medium-term plan (TD/B/660), also before the Board, provided information on recent developments and decisions affecting programming, planning and budgeting in the United Nations. The Board might wish to discuss the advisability of convening the Working Party annually to consider the UNCTAD elements of the United Nations medium-term plan in alternate years, and prior to Board meetings at which items with major programme or budget implications were to be discussed.

40. The Board's attention was invited to the draft proposal (TD/B/L.473 and Add.1) introduced by representatives of Group B during the second part of the sixteenth session and reproduced in the Board's report (TD/B/651, Annexes IV and V).

41. The Board also had to consider the terms of reference of the Committee on Shipping in the light of the decision of the Economic and Social Council to assign to UNCTAD responsibility for work on multimodal transport and containerization. Document TD/B/L.476 should assist in the further consideration of the matter.

42. It had been decided that at its seventeenth session the Board should consider, improve and further elaborate the terms of reference adopted at its sixteenth session for the Committee on Economic Co-operation among Developing Countries. The report by the Secretary-General of UNCTAD (TD/B/L.477) provided the Board with the substantive portions of the replies received in response to the consultations held by the Secretary-General of UNCTAD under General Assembly resolution 1995 (XIX), paragraph 23.

43. Mr. ROSSEN (Deputy Secretary-General of UNCTAD) said that the issue of rationalization of the structure of committees and their subsidiary bodies had been referred to the Board by Conference resolution 90 (IV). The Secretary-General of UNCTAD had put forward some preliminary ideas to the Board at its sixteenth session, and the Board had agreed that the matter warranted further consideration and had decided to consider it fully at its seventeenth session. Paragraphs 38-40 and Annex II of the report by the Secretary-General of UNCTAD (TD/B/622) provided some observations and preliminary ideas on the issue.

44. The Secretary-General of UNCTAD had said that the main substantive area for examination by the Board was that of trade and technology, for which there were four committees: the Committee on Commodities, the Committee on Manufactures, the Special Committee on Preferences, and the Committee on Transfer of Technology. The reason for focusing attention on trade and technology was that several substantive issues were relevant to the work of more than one committee. Trade in processed goods, for example, was of substantive interest to the Committee on Commodities, the Committee on Manufactures, and the Special Committee on Preferences. Another example was that of policies related to enterprise activity, including the activities of transnational corporations, which were of substantive interest to the Committee on Commodities under the heading of marketing and distribution, to the Committee on Manufactures under the heading of restrictive business practices, and to the Committee on Transfer of Technology.

45. The Secretary-General of UNCTAD had identified two possible courses of action, one for consolidating or merging two or more existing committees and the other for establishing a revised committee structure on the basis of new criteria. Three possible options had been presented under the heading of consolidation, and an illustration of a revised committee structure was also given. He drew the Board's attention to resolution 5 (VIII) adopted by the Special Committee on Preferences at its eighth session, which requested the Secretary-General of UNCTAD, after appropriate consultations, to make proposals relative to possible improvements in the existing procedures for consultations on individual schemes of preference-giving countries, and to the introduction of additional procedures. The Secretary-General of UNCTAD intended to report on that matter to the Board at its next session.

46. The Advisory Committee to the Board and to the Committee on Commodities had been terminated. The Permanent Sub-Committee on Commodities had held only one session, some years earlier, and there was at present no provision for convening it. The Permanent Group on Synthetics and Substitutes was scheduled to meet in 1979, after the fifth session of the Conference. The Committee on Tungsten had established an ad hoc group to consider the possible convening of a conference on tungsten. The group would report to the Committee on Tungsten, which was scheduled to meet in February 1978, and that Committee would in turn report to the Board at its resumed seventeenth session.

47. The terms of reference of the Committee on Shipping were dealt with in document TD/D/L.476. Following a review of the transport activities of the United Nations system by the Committee for Programme and Co-ordination, the Economic and Social Council had confirmed UNCTAD's responsibility at the global level for maritime transport related to trade and development and had assigned to UNCTAD the primary responsibility at the global level for work on multimodal transport and containerization. He drew attention to the statement made by the Chairman of the Committee on Programme and Co-ordination, reproduced in document TD/D/L.476 (para.5). The question for consideration was the incorporation of the new mandate on multimodal transport and containerization in the work programme of the permanent machinery of UNCTAD.

48. The secretariat considered that that responsibility should be given to the Committee on Shipping. In view of the short time that had elapsed since the recent session of the Economic and Social Council, however, the Board might wish to defer consideration of the matter to the second part of its seventeenth session. In that event, the Secretary-General of UNCTAD intended to submit specific proposals well in advance. In doing so, he would take fully into account the responsibilities of other United Nations agencies in the transport field, in particular IMCO, ICAD and the regional economic commissions.

49. The Note by the UNCTAD secretariat on meetings of the Working Party of the Trade and Development Board on the UNCTAD programme budget and the medium-term plan (TD/D/668) referred to the discussions of the Working Party at its most recent session and to the proposal submitted to the Board at its resumed sixteenth session by Group D, and deferred for consideration at the present session. The Note further recalled recent developments and decisions affecting the programming, planning and budgeting processes in the United Nations, and lastly, it suggested that the Board might wish to convene the Working Party annually to consider alternately the programme budget and the medium-term plan. The Board might also wish to consider the possibility of convening the Working Party to examine the impact of major decisions, such as those taken by a session of the Conference, on the UNCTAD work programme.

50. The PRASIDANT said that it had been intended to refer the question of the terms of reference of the Committee on Shipping and the Committee on Economic Co-operation to the Contact Group. That could not be done immediately, however, since the co-ordinators of the regional groups had indicated that insufficient progress had been made in either field to justify the convening of a Contact Group at present.

The meeting rose at 5.35 p.m.

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United Nations Conference on Trade and Development

TRADE AND DEVELOPMENT BOARD

Seventeenth Session (First part)

SUMMARY RECORD OF THE JOINT MEETING

held at the Palais des Nations, Geneva,
on Thursday, 29 August 1977, at 3.40 p.m.President:

Mr. de ALMEIDA

(Sri Lanka)

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- (c) Progress in the implementation of:
 - (i) Special measures in favour of the least developed among the developing countries
 - (ii) Specific action related to the particular needs and problems of island developing countries
 - (iii) Specific action related to the particular needs and problems of land-locked developing countries

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INTERDEPENDENCE OF PROBLEMS OF TRADE, DEVELOPMENT FINANCE AND THE INTERNATIONAL MONETARY SYSTEM (agenda item 2) (TD/B/665 and Add.1, UNCTAD/CA/1015, TD/B/L.360) (continued)

1. The PRESIDENT drew attention to draft resolution TD/B/L.360 submitted by the African group. In view of the request by the Saudi Arabian representative that further time should be allowed to consider the item, he proposed to defer further consideration to a later meeting.

2. It was so agreed.

OTHER PARTICULAR MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT (agenda item 6) (continued)

(a) PROGRESS IN THE IMPLEMENTATION OF:

- (i) SPECIAL MEASURES IN FAVOUR OF THE LEAST DEVELOPED AMONG THE DEVELOPING COUNTRIES
- (ii) SPECIFIC ACTION RELATED TO THE PARTICULAR NEEDS AND PROBLEMS OF ISLAND DEVELOPING COUNTRIES
- (iii) SPECIFIC ACTION RELATED TO THE PARTICULAR NEEDS AND PROBLEMS OF LAND-LOCKED DEVELOPING COUNTRIES

(TD/B/AC.21/2, TD/B/AC.21/3, L/32/126)

3. MR. TANZI (Afghanistan) said that the developing countries, and particularly the least developed among them, had reached a point of no return in their economies through circumstances beyond their control and manipulation by others. The ever-widening gap in development, their worsening terms of trade, the draining of their resources, and their ever-increasing debt burdens, had given rise to a reaction by them which had led to the first session of UNCTAD in 1964 and had heralded the new international economic order.

4. Unfortunately, an irrational determination to maintain the status quo, combined with a lack of political will, had so far impeded the effective implementation of the new order. There had, over the years, been a continuous stream of unfulfilled promises to improve the economic conditions and terms of trade of the least developed countries. UNCTAD resolutions 24 (II) and 62 (III) recognized the special problems confronting those countries and the need for special measures to ensure their sustained economic growth. For 10 years since then, however, no real progress had been made towards the implementation of those resolutions. In 1971, the United Nations General Assembly had approved a list of

25 least developed countries, and four had been added later, the total population exceeding 300 million and the average per capita income being about \$100. The economies of the least developed countries depended heavily on the production of a few primary commodities for their export earnings. According to GATT, the export of three products accounted for more than two-thirds of total export earnings in almost all cases, and the total earnings of all these countries over the three-year period 1970-1972 had been only about \$2 billion, while their share in world exports had been about 0.7 per cent and their share in the total exports of all developing countries little more than 3 per cent.

5. The proposal for the creation of a special fund made in UNCTAD resolution 62 (II), had finally materialized after considerable delay through General Assembly resolution 3202 (S-VI), but with completely changed terms of reference which weakened the fund and diverted it so that it could no longer properly be described as a fund for the least developed countries.

6. Despite the urgency for the least developed countries to find a solution to the problem of their external indebtedness, which had risen from \$21.6 billion in 1961 to \$60 billion in the late 1960s and \$180 billion in 1977, the problem had on the whole been given perfunctory treatment.

7. The debt problems of the developing countries, particularly the least developed countries, had been thoroughly discussed by the Group of 77 at Manila and at the fourth session of UNCTAD. Because of delaying tactics by various countries, little had been accomplished at Nairobi with regard to the implementation of UNCTAD resolution 90 (IV), and it had been relegated to the less effective forum of the Trade and Development Board at its sixteenth session. His delegation hoped that that vital issue would have a better chance of success at the ministerial meeting in January 1978. It had been commented on at the recent London Summit Conference, at high-level EEC meetings, and at the North-South dialogue in Paris.

8. The capacity to repay loans was primarily a function of the productivity of investments. Grant aid was imperative for the least developed countries, where projects were often of low or uncertain productivity which could neither expand exports nor substitute for imports.

9. Some positive steps had been taken in the North-South dialogue with regard to aid in agriculture and food supplies, but the non-acceptance by most developed countries of the 0.7 per cent gross national product commitment had been disappointing. Furthermore, the protectionist policies in agriculture increasingly adopted by a number of developed countries made the export promotion prospects of the least developed countries gloomy. Similarly, with regard to the Common Fund, which was important for buffer stock creation as a means of raw material price stabilization, little or no headway had been made either at the Negotiating Conference on the Common Fund or at the Paris Conference. It was disturbing to observe that even the exemption of the least developed countries from buffer-stock pre-financing, categorically agreed upon at the second Ministerial Meeting of the Group of 77 in 1972 and endorsed at Nairobi, had been strongly questioned by many representatives at Geneva.

10. The generalized system of preferences, although one of the few beneficial schemes in favour of the least developed countries, was restricted by the utilization of various non-tariff and administrative barriers. Protectionist policies impeded the access of the least developed countries to markets and weakened for them the concept of comparative advantage, which presupposed a stable price level for their exports.

11. In view of the limitations of agricultural production, industrialization was imperative if the developing countries were to raise their standards of living and promote their economic and social development. Little had, however, been done to assist them in their industrialization efforts, despite appeals by the Second General Conference of UNCTAD. Meanwhile, the least developed countries, with subsistence-level economies in which a major portion of any investment had to be utilized for consumption because of the unrealistic prices of materials, were steadily falling behind, and most of them could hardly hope to attain the target of 25 per cent of industrial production by the year 2000.

12. With regard to the transfer of resources and international liquidity, one of the most beneficial mechanisms for the transfer of real resources was the link between Special Drawing Rights and development finance, without an equivalent sacrifice of resources on the part of the least developed countries. But although proposed by UNCTAD in 1970, it had yet to be implemented.

13. Despite a multitude of measures in favour of the least developed countries in the field of transfer of technology, little had been achieved, mainly because of lack of accessibility and high transfer costs. His delegation feared that the proposed mode of conduct for the transfer of technology would be so weakened by the time it received universal approval that it might lose its usefulness, particularly for the least developed countries. The search for more practical solutions should therefore not be abandoned.

14. In the monetary sector, it had been observed how outside policies had created havoc in the savings and balance-of-payments situation of the developing world. The least developed countries had been particularly vulnerable to the monetary crisis, being caught in a powerful pincer action of inflation and recession.

15. All those events focused attention on the need for rationalization of the structure and permanent machinery of UNCTAD, particularly with regard to monetary and fiscal policies, in which UNCTAD had little or no decision-making capacity. In the absence of a rational institutional restructuring, and a greater voice and decision-making capability in fields outside its present competence, UNCTAD could not take comprehensive steps in regard to the trade and development of the developing countries.

16. The debt problem of the least developed countries called for a new approach and for recognition of the fact that it was inextricably bound up with the achievement of the development goals to which the international community was committed; otherwise many of those countries might find their debt obligations and total import

commitments exceeding their foreign exchange resources. His delegation therefore proposed in respect of the least developed countries: the immediate implementation of UNCTAD resolution 98 (IV); payment of a portion of their loan repayments in national currency; interest rates for development loans that took account of repayment capacity; and non-tied loans for the purchase of capital equipment or non-project assistance.

17. UNCTAD had so far made no thorough study of the vital debt issue. His delegation therefore proposed that it appoint an expert group to make a detailed study of the debt problems of the developing and least developed countries, with particular emphasis on the negative effects of external indebtedness of their economic growth rates, for submission to the Board at its eighteenth session.

18. With regard to the problems of the land-locked developing countries and the doubly-disadvantaged position of the least developed countries in that category, the principles enunciated at the first session of the Conference contained many provisions in favour of those countries, including their right to free access to the sea, which had yet to be translated into action. Indeed, the scramble for the products of the oceans by a large number of coastal countries was making a mockery of the concept of the oceans as the common heritage of mankind. The land-locked countries had long been denied even fishing facilities, and the extension of territorial waters to 200 miles further restricted the inalienable right of the land-locked countries to free access to the sea.

19. Surprisingly, shipping had not been included in the agenda of the fourth session of the Conference, and at the sixteenth session of the Board no real effort had been made to come to grips with the main issues, including the arbitrary rate increases applied to the export-import trade of the land-locked countries. The recommendation in UNCTAD resolution 98 (IV) that shipowners and liner conferences be invited to consider the establishment of promotional freight rates appeared to have been ignored and should be implemented.

20. The Special Fund in favour of the land-locked developing countries had finally been established, but lack of political will and deliberate disregard of the disadvantages of the land-locked situation in the development process stood in the way. His delegation urged UNCTAD to renew its efforts to translate some of the measures adopted in favour of the land-locked developing countries into action.

EXPORT PROMOTION: REPORT OF THE JOINT ADVISORY GROUP ON THE INTERNATIONAL TRADE
CENTRE UNCTAD/CATT ON ITS TENTH SESSION (agenda item 6 (a)) (TD/B/66C-ITC/AG(X)/52)

21. Mr. ALATAS (Indonesia), introducing the report of the Joint Advisory Group on behalf of the Chairman of the Group, said that in reviewing the current activities of the International Trade Centre (ITC), the Group had been gratified by the rapid expansion of the Centre's activities during past years. It appreciated the problems encountered by ITC in implementing projects in certain countries, but it had urged the Centre to tackle those problems vigorously, and also to allocate a larger proportion of its total resources in future to trade promotion assistance activities on the African Continent.

22. In the least developed countries, the Group felt that particular emphasis should be attached to building up adequate trade promotion infrastructures through integrated assistance programmes, taking into account those countries' absorptive capacity. The Group noted with satisfaction the increased decentralization of the Centre's training activities through sub-regional training projects, which had lowered training costs per participant; the long-term benefits accruing to developing countries from the training of their instructors and support for their national training institutions; and the Centre's efforts in developing "training packs" for use in its various training activities.

23. Concerning the Centre's work on marketing development for primary commodities, it was recommended that closer links be established with United Nations and other organizations with a view to avoiding overlapping and duplication.

24. With regard to the work programme of ITC, the Group reiterated that integrated assistance projects should continue as the most effective means of assisting developing countries to improve their export capabilities and to build up their self-reliance in foreign trade promotion.

25. The training of public sector personnel in export trade promotion was a key element of assistance, and it was important to build up training institutions in developing countries.

26. Market development activities deserved high priority as a vehicle for the transfer of export marketing know-how to export institutions in developing countries, and also as a stimulus to product adaptation and development. Limitation of basic product marketing research had jeopardized the Centre's ability to provide effective substantive support to market development assistance projects, and that should be remedied.

27. The Centre's excellent evaluation efforts should remain the responsibility of the Office of the Director of the Centre and should be extended to include studies on markets and products; and in paragraph 7 of the report, the Group recommended a series of priorities for ITC's technical assistance activities.

28. Concerning relations between ITC and other bodies concerned with expanding the trade of the developing countries, the Group singled out the move towards co-ordination between the Centre and other United Nations agencies in regard to the development of exports from the developing countries, and also ITC's close co-operation with the United Nations regional economic commissions, particularly ESCAP. In view of the possible lack of trust funds, a report on the subject should be prepared by the Centre for consideration by the Group at its next session.

29. The agreement between ITC and UNIDO might pave the way for fully integrated trade promotion assistance projects with product aspects more fully taken into account; and progress had been made in mutual collaboration between UNDP and ITC.

30. Generous voluntary contributions had been made to the technical co-operation programme of ITC by a number of developed countries, but the Group felt some concern about the rate of project delivery and utilization of certain trust fund contributions. It recommended that future annual reports give a full picture of ITC's total resource situation and information for comparing the programme delivered by the Centre with estimated resources available.

31. In view of the expansion of ITC's activities, the Group had agreed that Governments would be consulted by questionnaire concerning the desirability of introducing changes into the Centre's consultative machinery; that replies would be communicated to all Governments; and that the communication would be considered by the Group's Technical Committee at an extended seventh session in January 1978.

32. Lastly, the Group recommended that ITC should make a greater effort to ensure UNDP finance for trade promotion projects by making the subject of trade promotion and ITC's expertise in that field better known to UNDP representatives and the relevant ministries in developing countries. It also recommended that at a future meeting of the UNDP Governing Council, Governments should raise the question of the allocation of UNDP funds to trade promotion activities.

33. Mr. RIVERA (Mexico) said his delegation hoped that ITC, in preparing its studies on the expansion of international trade between developed and developing countries and among the developing countries themselves, would ensure that a balance was maintained between the trade interests of the developing countries. In relation to studies of individual commodities, the Centre might investigate the systems of marketing the commodities covered by the UNCTAD Integrated Programme for Commodities.

34. If a delegation of a developing country was unable to attend the meetings of the Joint Advisory Group, it was hoped that ITC would not interpret that as lack of interest but would ensure that products or matters of concern to countries not attending were taken into account in its studies.

35. Mr. ECHERHING (Sweden), speaking on behalf of Finland, Norway and Sweden, said that during the 10 years since ITC was set up, the importance of trade promotion as a means of increasing the export earnings of developing countries had become even greater, especially as trade barriers were gradually reduced.

36. He noted with satisfaction the rapid expansion of ITC in recent years and welcomed the prospective study on the organization, administrative procedures and working methods of the Centre, which should help to transform ITC into an even more efficient and responsive body in the trade promotion area.

37. He was pleased that the Centre had been asked to give priority attention to assistance to the least developed and most seriously affected countries, and he would also like to see more widespread and generous support on the part of donor Governments in providing trust funds for the Centre. The Joint Advisory Group at its most recent session had recognized the importance of additional trust fund contributions for general programme support. That issue was of considerable importance in the common effort to strengthen ITC as the international focal point for trade promotion.

38. Mr. FARSI (Afghanistan) said that the ITC team of experts assigned to the Ministry of Commerce in Afghanistan had done commendable work in furthering export promotion, as well as transportation and transit. While endorsing the Swedish representative's comments, his delegation pointed out that difficulties had arisen which had led to delays and interruptions, and felt that it would be useful if ITC could be given greater autonomy of action within the context of UNCTAD/CAFT activities.

39. The PRESIDENT said that the Board took note of the report of the Joint Advisory Group and of the recommendations contained therein.

PROGRAMME FOR DEVELOPMENT OF THE LAW OF INTERNATIONAL TRADE: TENTH ANNUAL REPORT OF THE UNITED NATIONS COMMISSION ON INTERNATIONAL TRADE LAW (agenda item 6 (b))

40. The PRESIDENT said that UNCITRAL's annual report to the General Assembly was due to be submitted simultaneously to the Trade and Development Board for comments; but since the tenth annual report of UNCITRAL was not yet available, he suggested that the Board defer the item until the second part of the seventeenth session.

41. It was so decided.

TRADE AND ECONOMIC ASPECTS OF DEPARTMENT (agenda item 6 (d))

42. The PRESIDENT, outlining the background of the item, said that at its thirty-first session the General Assembly had invited all States to communicate their comments to the Secretary-General, who would prepare an analysis of them with the assistance of an intergovernmental group of budgetary experts, which had met in May/June and in August 1977.

43. Mr. PANKINE (Union of Soviet Socialist Republics), speaking on behalf of Group D said that in view of the present world situation, the trade and economic aspects of disarmament were a very topical issue, since the arms race was becoming increasingly dangerous and costing the world nearly \$1 million every minute.

44. The sums devoted to armaments represented a heavy burden on all countries, including the developing countries, and only served to aggravate the position of workers everywhere. The arms race was incompatible with the necessary restructuring of international relations and was exerting a negative influence on the interchange of economic and scientific knowledge and on the balance of payments.

45. The socialist countries were anxious that concrete measures should be taken to halt the arms race and had already made a number of constructive proposals for that purpose. It was to be hoped that UNCTAD would make full use of its international prestige to speak out against the arms race and continue its investigation of the beneficial effects of disarmament.

46. Mr. CHAO (China) said that although the question of trade and the economic aspects of disarmament was discussed year by year in the Board, the super-Powers continued to expand their armaments. One of them, while advocating disarmament and calling for the savings released by disarmament to be used to assist the developing countries, was cynically increasing its arms at full speed, and its aggressive actions were seriously threatening world security. China was in favour of real disarmament but was opposed to general appeals for disarmament in which no distinction was made between the aggressors and the victims. The fraudulent game played by the super-Powers had to be exposed, and the developing countries must rely on their own forces to fend off big-power hegemony, colonialism, aggression and exploitation, and radically to change the old system of international economic relations. The assertion made by a super-Power that the most important prerequisite for development was disarmament was a falsehood merely intended to divert the struggle waged by the developing countries.

47. His delegation considered that discussion of item 6(d) was of no practical use for the economic advancement of the developing countries, and would not contribute to their endeavours to establish a new international economic order. It would therefore not be participating further in the discussion. He asked for his statement to be included in the record of the meeting.

14. Mr. Y. J. L. (Romania) stressed the close relationship between disarmament and development. Great amounts of material and financial resources that should be used to remedy the acute shortage of development funds were being wasted on armaments, adding to inflation and obstructing the efforts to put an end to underdevelopment. The reduction of military budgets would release substantial means of production and labour to improve the living levels of the people in the developing countries in particular and to apply the advances of science and technology to the achievement of welfare and happiness.

15. A reduction of 10 per cent in total military expenditures would make 10 billion available for peaceful purposes, and half of that, used to set up a special fund for development, would provide sufficient money to put an end to starvation, illiteracy and disease in the world. Disarmament, and particularly nuclear disarmament, was essential, also, to strengthen economic and political security in the every country could live and pursue its development programmes in peace.

16. There was a close connexion between disarmament and the introduction of a new international economic and political order, which would change the structure of international relations and place them on a new and equitable basis, but it could not be achieved unless definite progress was made towards disarmament. Once established, however, the new order would itself be a positive factor in the consolidation of world peace.

17. His delegation was therefore in favour of intensifying UNCTAD activities with respect to trade and economic aspects of disarmament. UNCTAD undoubtedly had a considerable contribution to make to the preparations for the special session devoted to disarmament.

18. Mr. J. J. Y. (Mongolian People's Republic) said that the question of the trade and economic aspects of disarmament deserved full priority as relating to the most critical issue of the present day, namely, the need to avert the danger of a new world war. It was obvious that the arms race was not only inimical to international security but was siphoning up astronomical amounts of resources needed for development.

19. The socialist countries had already achieved considerable progress in slowing down the arms race, but more and more dangerous weapons were being produced, and during the period 1962-1977 world military expenditures had increased threefold. He urged that States should take new steps to put a stop to the arms race, and UNCTAD could make an important contribution by suggesting ways for the resources freed by disarmament for the economic and social development of all peoples, especially the developing nations. His delegation, like the others in Group B, hoped that UNCTAD would keep the trade and development aspects of disarmament under constant review, and by so doing give new impetus to the coming world conference on disarmament.

IMPACT OF ENVIRONMENT POLICIES ON TRADE AND DEVELOPMENT, IN PARTICULAR ON
DEVELOPING COUNTRIES (agenda item 6 (e)) (TD/B/659)

54. The PRESIDENT said that, in accordance with a request made by the Board at the first part of its fifteenth session, the secretariat was presenting a progress report to the Board on the topic in question, describing the work done in relation to environmental issues bearing on international trade and development.

55. Mr. PANKINE (Union of Soviet Socialist Republics), speaking on behalf of Group D, said that the preservation of natural resources required ever increasing expenditure which, in capitalist systems, was regarded as an unavoidable evil adding to the burden on the economy. In the socialist countries the basic conditions had been created for harmonizing economic progress with the protection of natural resources on the basis of public ownership of the means of production and the unified planning of economic, scientific and technological development. The system of production used the economic mechanism to ensure that expenditure on environmental protection did not conflict with the interests of industry. The administrative authorities and other bodies pursued the same goal, since one of their functions was to protect the environment as a factor in development and in the well-being of the people. Thus it was impossible for measures taken in that respect to have a negative impact on international trade.

56. Mr. HAMERNIK (Observer for the World Federation of Trade Unions), speaking at the invitation of the President, said that WFTU believed that the workers and their trade unions had a vital role to play in the establishment of a new and equitable international economic order. It felt that greater emphasis should be laid by UNCTAD on the fact that the limitation of the arms race, and particularly of nuclear weapons, was the most important condition for solving economic development problems and especially those of the developing countries. Agenda item 6 (d) should therefore be the focus of UNCTAD's attention.

57. With regard to item 6 (e), WFTU recognized that development was not only essential to satisfy basic human needs but was a key factor in the maintenance and improvement of the quality of the environment, including the working environment. WFTU attached great importance to the conditions in which men and women had to work, and it believed that the views of trade unions should be taken into account in any negotiations on the impact of environmental policies on development.

58. Such participation was also connected with a key question for UNCTAD, namely, the transfer of technology, which directly affected the vital interests of large groups of workers in developed and developing countries since it had a bearing on such important matters as employment, wages, environment and working conditions. WFTU therefore urged that the trade unions be allowed to participate in all UNCTAD negotiations on the transfer of technology, possibly through consultations in which representatives of Governments, industry and the trade unions would take part.

DRAFT RESOLUTION ENTITLED "IMPACT OF REGIONAL ECONOMIC GROUPINGS OF THE DEVELOPED COUNTRIES ON INTERNATIONAL TRADE, INCLUDING THE TRADE OF DEVELOPING COUNTRIES" (agenda item 8 (b)) (TD/L.66 and Corr.1-3)

59. The PRESIDENT said that the draft resolution in document TD/L.66 had been deferred for consideration by the present session. If no one wished to speak on it, he suggested that it be referred to a subsequent session of the Board for consideration in plenary at the request of interested delegations.

60. It was so decided.

The meeting rose at 5.35 p.m.

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United Nations Conference on Trade and Development

TRADE AND DEVELOPMENT BOARD

Seventeenth Session

SUMMARY RECORD OF THE 471st MEETING (First Part)

Held at the Palais des Nations, Geneva,
on Friday, 26 August 1977, at 12 noon

President: Mr. de ALWIS (Sri Lanka)

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Interdependence of problems of trade, development finance and the international monetary system (agenda item 2) (continued)

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(c) Progress in the implementation of:

- (i) Special measures in favour of the least developed among the developing countries
- (ii) Specific action related to the particular needs and problems of island developing countries
- (iii) Specific action related to the particular needs and problems of land-locked developing countries

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INTERDEPENDENCE OF PROBLEMS OF TRADE, DEVELOPMENT FINANCE AND THE INTERNATIONAL MONETARY SYSTEM (agenda item 2) (TD/B/665 and Add.1 (Parts I and II)) (continued)

1. Mr. SHUKLA (India) said that the international community was still suffering from the shock caused by the world economic crisis. Developing countries, which were not responsible for that economic malaise, were nevertheless its main victims. Their economic growth rates had fallen sharply in recent years. They had had to contract short-term loans, thus increasing their burden of external indebtedness, and to reduce their imports, thus jeopardizing their economic growth.
2. It was most disturbing to find that, according to the report by the secretariat, a lower growth rate could be expected in developed countries in 1977 and 1978, and that it was quite likely that the crisis would continue even longer in the countries members of the Organisation for Economic Co-operation and Development (OECD). That situation was liable to have serious consequences for the growth prospects of developing countries: namely a fall in their exports and difficulty in obtaining the necessary finance and servicing their debts. It was therefore vital that the international community should take appropriate action to prevent any deterioration in the situation, to maintain international economic stability, and to promote sustained growth in developing countries.
3. In his delegation's opinion, co-ordinated action by the international community would include a number of important elements. The commitment by economically advanced countries under the International Development Strategy to transfer 0.7 per cent of their gross national product as public development aid should be fulfilled by 1980. That aid should be distributed on the basis of the needs of developing countries, and the resources of multilateral organizations should be greatly increased. Arrangements should be made to lighten the burden of indebtedness of the least developed, island and land-locked developing countries in particular. The international monetary system should be reorganized in the light of the specific situation of developing countries. There should be a substantial increase in the International Monetary Fund quotas, and developing countries should be able to play a more important part in the Fund's decision-making. The Special Drawing Rights should become the main reserve of the international monetary system, and a link should be established between the SDRs and development financing. A fresh issue of SDRs should be made to help to stabilize the international monetary system and to improve the make-up of resources. Finally, financial clearing facilities should be improved to meet the needs of developing countries, and there should be an element of generosity in supplementary financing for developing countries.
4. The revenue and purchasing power of developing countries should be improved by stabilizing the proceeds from the sale of commodities. To attain that objective it was essential to implement the Integrated Programme for Commodities.
5. Developing countries should be given freer access to the markets of developed countries by improving the generalized system of preferences and by other measures to be adopted during the multilateral trade negotiations.
6. The strengthening of co-operation among developing countries should enable them to exploit fully their resources, and their financial and technical potential and thus make them less vulnerable to outside influences.

7. Those were some of the elements which the international community should bear in mind in implementing a co-ordinated plan of action that would take account of the interdependence of the different factors, promote the progress of developing countries, strengthen trade flows, increase industrial production, and improve the employment situation in developing and developed countries.

8. Mr. RIVERA (Mexico) said that the New International Economic Order would become a reality only insofar as developed countries paid due regard to the fundamental concerns of the developing countries by recognizing the need for changes in essential aspects of the structural adjustment which the present world economic system must undergo. The results of the Conference on International Economic Cooperation were an eloquent illustration of failure to understand the things that worried the developing countries in sectors vital to them. In view of the interdependence of those various sectors (including trade, development finance and the international monetary system), it was essential that progress should be made in all of them if a new international economic order was to come into being.

9. Hardly any progress had been made in the negotiations on the Common Fund and on commodities. The Board must therefore insist that the preparatory meetings endeavour to reach positive results within the time-limits set by Conference resolution 53 (IV).

10. Since the negotiations on a new international economic order had now reached a deadlock, the Governments of developed countries should furnish public opinion at home with full information as to what it meant, since it was important that it be fully understood right from the start so as to dispel any misgivings which the private sector in developed countries might have. Economic problems and private interests, however important they might be, should not be the focus of concern. The task of informing the public would also make the political leaders of industrialized countries aware of the interdependence of the world and of the consequences thereof for future welfare, production and consumption in developed countries.

OTHER PARTICULAR MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT (agenda item 6)
(continued)

(c) PROGRESS IN THE IMPLEMENTATION OF:

- (i) SPECIAL MEASURES IN FAVOUR OF THE LEAST DEVELOPED AMONG THE DEVELOPING COUNTRIES
- (ii) SPECIFIC ACTION RELATED TO THE PARTICULAR NEEDS AND PROBLEMS OF ISLAND DEVELOPING COUNTRIES
- (iii) SPECIFIC ACTION RELATED TO THE PARTICULAR NEEDS AND PROBLEMS OF LAND-LOCKED DEVELOPING COUNTRIES (TD/B/LC.21/2 and 21/3, A/32/126) (continued)

11. Mr. SMYTH (New Zealand), noting that the annotations to the provisional agenda (TD/B/6/4) announced that a full progress report on the implementation of special measures in favour of the least developed countries would be submitted to the Intergovernmental Group on Least Developed Countries scheduled to meet in July 1978, expressed the hope that it would be possible to hold a meeting between representatives of financial and technical assistance institutions and representatives of the least developed countries before then so that the Intergovernmental Group would have the benefit of the recommendations emanating from that meeting.

12. New Zealand had traditionally recognized the special needs and problems of island developing countries, especially those of the neighbouring South Pacific, which included some of the poorest of the world's developing countries. Indeed, in 1976-1977 almost 60 per cent of New Zealand's total bilateral aid, all of it in the form of grants, had gone to that area.

13. New Zealand's aid to those island countries reflected the development priorities of the recipients and was focused on directly productive projects in the primary sector (essentially agriculture, forestry and fisheries). Considerable aid was also channelled into infrastructural improvements (construction of roads or jetties, provision of inter-island and coastal transport, development of the hydro-electric potential, etc.), which were essential to the development of other forms of economic activity. The smallness of those islands and the vast distances between them meant that transport, communications and marketing raised more serious development problems for them than the expansion of production. For that reason, a significant proportion of New Zealand's regional aid programme, as distinct from its bilateral aid efforts, was allocated to transport and communications. New Zealand had joined with the island countries of the Pacific to set up the Pacific Forum Line, an important venture in regional co-operation, and was subsidizing shipping services to the Cook Islands, Niue and Tokelau, which would not otherwise be economic.

14. At the same time, New Zealand was providing incentives for companies to develop approved manufacturing operations in Fiji, Tonga, Western Samoa, and Niue, with the object of fostering economic development and providing employment in those countries.

15. Advisory services on shipping and ports provided by UNCTAD to island developing countries were a gratifying innovation, as also was the organization of training courses on port management and shipping economics. The October meeting of the Group of Experts on Feeder and Inter-Island Services by Air or Sea for Island Developing Countries was particularly significant, and his delegation looked forward to its conclusions. Since the preparation of the report to the General Assembly (A/32/126), a mission had been undertaken by one of UNCTAD's regional advisers on trade expansion and economic integration to examine South Pacific assistance requirements within the competence of UNCTAD and the Economic and Social Commission for Asia and the Pacific (ESCAP).

16. Initiatives of that kind could be of immeasurable assistance to island developing countries as long as there was continued recognition of their diversity and continued respect for their national aspirations. New Zealand trusted that UNCTAD would continue and intensify its work in that field.

The meeting rose at 12.30 p.m.

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TRADE AND DEVELOPMENT BOARD

Seventeenth Session (First part)

SUMMARY RECORD OF THE 472nd MEETING

held at the Palais des Nations, Geneva,
on Monday, 29 August 1977, at 3.25 p.m.

President

Mr. de ALWIS

(Sri Lanka)

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interdependence of problems of trade, development finance and the international monetary system (agenda item 2) (continued).

Progress in the implementation of:

- (i) Special measures in favour of the least developed among the developing countries
- (ii) Specific action related to the particular needs and problems of island developing countries
- (iii) Specific action related to the particular needs and problems of land-locked developing countries (agenda item 3 (c)) (continued).

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INTERDEPENDENCE OF PROBLEMS OF TRADE, DEVELOPMENT FINANCE AND THE INTERNATIONAL MONETARY SYSTEM (agenda item 2) (TD/B/665 and Add.1 (Part I) and Add.1 (Part II), UNCTAD/C/1015) (continued)

1. Mr. PANKINE (Union of Soviet Socialist Republics) said that the topic under discussion highlighted UNCTAD's role as the most universal of the international organizations in the United Nations system. It was to be hoped that the discussion would lead to a comprehensive and realistic approach to the numerous concrete problems of foreign trade. The effectiveness of such an approach would depend largely on a strict definition of UNCTAD's mandate, in order to avoid duplication of effort vis-à-vis other United Nations agencies also responsible for discussing global problems. It would therefore be desirable to avoid discussion of controversial issues such as the global interdependence of world economy and concentrate on the topic as worded in the agenda.
2. The UNCTAD secretariat had compiled some interesting and up-to-date material, which provided fresh food for reflection on the true causes of the difficulties besetting international trade. Clearly, under the present system the developing countries bore the burden of the latest crisis in the capitalist economy. Any fruits of economic recovery were immediately seized upon by the multinational companies, the capitalist system working as usual against the true interests of countries in the process of liberation.
3. That was one of the main reasons for his country's belief in the need for a radical restructuring of international trade on the basis of justice and equality, and its firm conviction that there was a fundamental identity of interest between socialist countries and the majority of developing countries in the context of improving conditions of international trade.
4. Applying the principles of the new draft Soviet Constitution to international economic relations, his country was convinced that trade should be freed as rapidly as possible from all forms of discrimination, inequality and dictatorship. World economic developments in the 1970s as reported in the secretariat documents once again revealed that the socialist countries were not affected by the cyclical problems of capitalism, and that their economies had developed steadily without crises, unemployment and inflation, although they did of course feel the consequences of capitalist upheavals, especially in terms of foreign trade. In contrast to the growing instability of the capitalist system during the seventies, the economies of the socialist countries had continued to make steady progress both internally and in foreign trade.
5. Between 1970 and 1976 his country's national revenue had risen by nearly 40 per cent, and industrial production had increased one and a half times, and would exceed the planned targets in the current year. Foreign trade had increased more than two and a half times over the same period; during the first half of the current year it had risen by over 13 per cent; and trade with developing countries had gone up by nearly one-third. Clearly in the circumstances it was pointless to apply the same criteria to socialist countries and capitalist countries when seeking ways of overcoming the disastrous effects of the latest cyclical crisis on the developing countries.

6. Moreover, as stated in document TD/B/665 and by Mr. Arsenis, there was a real need to come to grips with the growing threat of protectionism and discrimination in the form of special trade measures (quotas, countervailing duties, voluntary export limitations and dumping procedures). His country's trade was also increasingly affected by such practices, and he welcomed the UNCTAD secretariat's conclusion that proliferation of trade restrictions posed the single most important threat to international economic co-operation.

7. UNCTAD could not avoid tackling such problems, which fell clearly within its terms of reference, and special attention should be paid to them during the fifth session of the Conference. The USSR was prepared to take an active part in any attempt to eliminate discrimination and inequality from international trade.

8. He agreed with the view in document TD/B/665 that stabilization of world commodity markets would have a beneficial effect on the inflationary situation in capitalist countries, and consequently on the world economy as a whole. His country was convinced that one of the main causes of inflation in the capitalist world was the enormous and growing expenditure on armaments. The problem of disarmament was therefore inextricably linked with efforts to stabilize the world economy.

9. In a wider perspective, effective solutions to the problems under discussion would not be achieved by economic measures alone. What was needed was to create favourable political conditions for greater trust among nations. The solution of the cardinal problems of peace and security would enable the efforts of all mankind to be concentrated on the urgent social and economic problems of the third world.

10. Mr. WINGWIST (Observer for the International Chamber of Commerce), speaking at the invitation of the President under rule 79 of the rules of procedure, said that the situation of the world economy had deteriorated dramatically in the past four years, with accelerating inflation, a steep decline in growth, record unemployment and considerable indebtedness in the oil-importing countries. As a result, the climate for the dialogue between developed and developing countries was not conducive to a consensus on the action required to restore world economic order. The old rules governing international trade and payment had been abolished, but new ones had not yet been agreed upon, and in their absence anarchy would continue to prevail in the fields of trade, capital flows and commodity markets.

11. There was a growing recognition, however, that interdependence was a fact of life and that the problems that beset the world could only be dealt with in a spirit of co-operation and compromise. Yet even where understanding had been reached, Governments seemed to lack the necessary imagination and initiative and preferred short-term and self-centred solutions to domestic problems instead of establishing the basis for more sustained and equitable world-wide economic growth.

12. The serious nature of the problems faced by the different groups of countries was not always mutually appreciated. In the industrial countries high unemployment and inflation had severely disrupted socio-economic conditions, and in the developing nations those problems were compounded by constraints on investment and consumption. As a result, countries were becoming increasingly nationalistic and

there was at times strong pressure for the adoption of protectionist measures. Yet the world had now become too interdependent for any one country to solve its problems alone. The developing world needed to step up its investment and the industrial countries to regain balanced growth. In both cases the role of the business sector was fundamental, but in recent years its contribution to employment, income distribution, social advancement and growth sometimes seemed to be overlooked.

13. Because of the adverse impact of uncontrolled growth in developing nations, business activities must develop in accordance with well-defined rules. In that respect, Governments had a dual responsibility: to establish the legal framework for those activities and to avoid resorting to unfair practices either directly or through public enterprises. Once established, the legal framework should be adhered to, since investment was discouraged if conditions changed too often. Business could only exist if it could operate efficiently and profitably, and since profits were largely re-invested, a prerequisite for dynamic economic growth was the ability of the corporate sector to achieve a viable rate of saving that would ultimately contribute to increasing employment and income redistribution. In the developed countries, the rate of return on capital had been steadily declining in recent years while labour costs were outstripping labour productivity and corporations were being more heavily taxed.

14. However, the contribution by the business sector could be still greater. Governments must negotiate rules that would facilitate the expansion of international trade, promote capital flows and foster investment, but the agreements they made would not be fruitful unless they took into account the nature of the market mechanism and the need for business operations to be profitable. Hence business must be consulted at an early stage in the relevant negotiations. He would stress in that respect the importance of its participation in the Common Fund and in commodity trade. In the former case, the optimum conditions for access by the Fund to capital markets would be more easily assessed if the banking sector were consulted during the drafting of the provisions regarding the Fund's financial structure, management and operations. In the case of commodity agreements, Governments should call upon consultative bodies representing producers, traders and industrial users when negotiating price levels, since the business community not only had valuable expertise to offer but would be more willing to accept new rules if it had itself helped to produce them.

15. Some progress had been achieved in recent years in fostering bilateral co-operation between Governments and the business sector and had led to the conclusion of a number of treaties and measures to facilitate economic relations; but bilateral principles now had to be implemented on a global basis. The problems still existing at the international level called for new channels of communication, while at the national level the parties concerned had to become more aware of the constraints that existed so that grounds for agreement could more easily be found.

16. ICC viewed its role as twofold: to promote among its members a better understanding of the problems of the developing countries, and, through its consultations with intergovernmental organizations, to publicize the views of the business community on those problems. It was now formulating proposals on international trade, commodity agreements and international investments and fostering closer relations between the business community and Governments. Under its regional scheme, businessmen from various countries provided assistance to the business sector of a particular developing country.

17. ICC was also seeking to promote better conditions for the transfer of capital and technology, and was becoming increasingly involved in training programmes. During the past year it had organized conferences, seminars and training courses, often with government support, which had been attended by more than 6,000 executives from all parts of the world.

18. In conclusion he paid a tribute to the work being done by UNCTAD in the cause of economic development, to which the business community had an important contribution to make.

19. Mr. GLOVER-AMPEY (Ghana) said that the prospects for development of the developing countries were largely determined by the external economic environment, the components of which were interdependent and sensitive to the policies and decisions of the industrialized countries. The effects of those policies on developing countries had been largely ignored in recent years. The piecemeal efforts to counteract the consequences of that neglect had largely failed, and the growth rates of developing countries had consequently fallen far short of their basic requirements. The stronger economies had enjoyed greater flexibility in international trade, monetary and financial relationships than the weaker ones. The imbalance had become more marked in recent years, and its unfortunate effects had been felt alike in trade, financial flows and monetary systems.

20. After the regression in the international trade cycle, industrial countries had found themselves with a current account deficit, growing unemployment and high inflation rates. Instead of considering a policy of international co-operation in which developing countries had an equitable share in decision-making, the OECD countries had sought solutions with their own narrowly-conceived interests primarily in mind. No attempt had been made to reach an international consensus on the financing of deficits. Deflationary policies and their self-reinforcing effects had plunged the world economy into the most severe recession it had experienced for 40 years, and the current account deficits of the developing countries, other than oil exporters, had risen from \$12.2 billion in 1973 to \$41.5 billion in 1975. The volume of their imports had fallen in 1975 by 3.7 per cent, and the volume of their exports by 7.6 per cent; and their already deteriorating terms of trade had thus worsened still further. Although exports had improved somewhat in 1976, imports had grown by only 3.8 per cent because of the need to build up reserves and avoid an even more rapid rise in debts. The current account deficit had consequently been reduced in 1976 but was expected to return to the \$35-40 billion range in 1977 and 1978. While the severe recession/inflation of 1974-1975 had abated, its adverse effect would unfortunately continue to be felt by the developing countries for many years to come. It could, however, be greatly alleviated by active policy decisions at the international level.

21. In their desire to safeguard employment, the industrialized countries had adopted a variety of import-reducing measures directed mainly towards labour-intensive imports, in which the developing countries had a comparative advantage. The burden of trade restrictions thus fell inequitably on developing countries. The failure of the recent negotiations on the renewal of the Multi-Fibre Arrangement emphasized the seriousness of the trade restrictions problem for the developing countries.

22. In the financial area, official development assistance had increased at only a fraction of the rate of current account deficits of developing countries, which had been obliged to resort more and more to commercial loans, whose terms had hardened considerably. By 1978, some 25 per cent of the export earnings of developing countries, and in some cases over 50 per cent, would be required for debt servicing. The growing debt burden had greatly reduced the policy options open to them and made them extremely vulnerable to adverse changes in the international economy. Action in that area had to be part of a co-ordinated approach to the important task of achieving interdependence. The problem impinged on the development prospects of developing countries and reflected the inequitable transfer of the burden of adjustment to them as a result of the economic and political policies of developed countries.

23. The tendency for the strong economies to reap the greatest benefit from the international monetary system had increased in recent years, since liquidity creation and distribution was largely carried out by private intermediaries in the stronger industrialized countries, who had seldom taken the capital and financial needs of developing countries into account. The one major international action for official liquidity creation taken in recent years, namely the action on gold prices taken under the amended articles of the International Monetary Fund, had resulted in the industrialized countries of the Group of Ten receiving approximately 71 per cent and developing countries only 7 per cent of the total. The trust fund for the benefit of the poorer developing countries was expected to provide only about \$2 billion over a four-year period. It had become increasingly clear that international control over the creation and distribution of international liquidity was an essential prerequisite to an equitable and stable monetary system.

24. Failure to recognize the interdependence of trade, development finance and the monetary system had encouraged the transmission of inflation from the industrialized countries to the world economy. The disequilibrium between prices of commodities and manufactures had a strongly inflationary effect. The Integrated Programme for Commodities would help to overcome that and would form an essential part of an interdependent approach to the problems of developing countries.

25. The burden of adjustment of the economic crisis of recent years had fallen disproportionately on developing countries. If decisions at the international level were taken with due regard to interdependence, international economic co-operation would have much more meaning. That would help not only the developing countries but also the industrialized countries, since developing countries would play a stabilizing role instead of remaining the victims of international inflationary and deflationary forces they were obliged to reinforce.

26. Mr. BARAC (Romania) said that the trend of international events had shown not only that there was a complex interdependence between economic and political factors and the different elements within individual economic systems, but that there was a tendency for such interdependence to increase. No problem could now be solved effectively without taking account of its possible consequences in other areas.

27. States were increasingly emphasizing the importance of their free economic development, while showing an unprecedented desire to participate in examining the major economic problems of mankind. To ensure that those two trends were not in conflict, relations among States had to be established on a new foundation and in the framework of a new international economic order. But in spite of UNCTAD and other United Nations agencies, there had been little real progress in that direction. Large areas of the world were seriously under-developed; the gap between the developed and developing countries had widened; and tariff and non-tariff barriers hampered the development of international trade.

28. His delegation was convinced that such bodies as UNCTAD, GATT, IIT and IDRD should not only be concerned with crises in the world economy but should initiate international co-operative action to prevent the occurrence of critical situations. It therefore favoured close co-operation between UNCTAD and kindred organizations. Joint secretariat meetings might be arranged for the discussion of specific problems, particularly since most States were members of the organizations in question.

CRISIS PARTICULAR MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT (agenda item 6)
(TD/D/AC.21/2, TD/D/AC.21/3, A/32/126) (continued)

(a) PROGRESS IN THE IMPLEMENTATION OF:

- (i) SPECIAL MEASURES IN FAVOUR OF THE LEAST DEVELOPED AMONG THE DEVELOPING COUNTRIES
- (ii) SPECIFIC ACTION RELATED TO THE PARTICULAR NEEDS AND PROBLEMS OF ISLAND DEVELOPING COUNTRIES
- (iii) SPECIFIC ACTION RELATED TO THE PARTICULAR NEEDS AND PROBLEMS OF LAND-LOCKED DEVELOPING COUNTRIES

29. Mr. JALOVIC (Yugoslavia), speaking on behalf of the Group of 77, proposed that the Board adopt the following draft decision:

"The Board requests the Secretary-General of UNCTAD to implement urgently paragraph 35 of Conference resolution 93 (IV) and to this end to make all appropriate arrangements for convening the special meeting without any further delay"

30. The draft decision was adopted.

31. The PRESIDENT said that the Secretary-General of UNCTAD would follow UNCTAD practice with regard to arrangements for meetings.

32. Mr. GEBRAHEI (Ethiopia), after outlining the background of UNCTAD's study of the problem of the least developed among developing countries, said that in spite of all endeavours both the developed market economy countries and the socialist countries had failed to live up to their commitments regarding the implementation of the measures taken, and he appealed to them to do so urgently. His delegation had hoped that the Secretary-General of UNCTAD would make a detailed statement reviewing the progress made in the implementation of the special measures in favour of the least developed countries.

33. Turning to document TD/B/AC.21/2, he said that it gave the misleading impression that there were abundant financial and technical resources available and that the problem was one of absorptive capacity. His delegation hoped that the UNCTAD secretariat would prepare more realistic and relevant documents containing policy suggestions that the institutions engaged in multilateral and bilateral financial and technical assistance could adopt in the future.

34. With regard to the forthcoming special meetings, which were normally between the developed market economy countries and socialist countries on the one hand and the developing countries on the other, he said that the one called for in UNCTAD resolution 98 (IV), paragraph 35, was merely between, on the one hand, institutions engaged in multilateral, bilateral, technical and financial assistance belonging to the market economy countries and the socialist countries, and on the other the 22 least developed countries. If there were developing countries with financial and technical aid institutions that were prepared to assist the least developed countries, that could be done within the framework of economic co-operation among developing countries. The Secretary-General of UNCTAD should therefore fix the date for the special meeting and notify the Governments of the least developed countries among developing countries, as well as the non-governmental institutions.

35. Mr. SALIBA (Malta) noted with regret that an issue first raised in UNCTAD as far back as 1972 had made so little progress to date in regard to "specific action". Resolution 98 (IV), paragraph 38, had at least clearly identified the economic characteristics of developing island countries which needed special attention. When an island happened to be small, its disadvantages assumed far greater proportions.

36. In that connexion, UNCTAD had a particular role to play, in addition to that of the specialized agencies. It could look at those problems from the over-all view of trade and development and provide the balanced approach essential for steady economic development. It did not have to embark on initiatives which lay outside its mandate; what was required was that UNCTAD should see the problems as a whole and take a co-ordinated approach to them. For example, the Integrated Programme for Commodities, including the Common Fund, should give more attention to the problems of island developing countries, especially those with "low resource endowment", than they had been receiving so far.

37. Lastly, his delegation welcomed the October 1977 meeting on feeder and inter-island services, and hoped that that meeting would be the first of a number of studies dealing with specific action to be taken in relation to the particular needs and problems of island developing countries.

38. Mr. d'ABZAC (Chad), after expressing his delegation's gratitude to Afghanistan for its tireless efforts on behalf of the most under-privileged countries of the world, said that despite the commendable efforts made by the Secretary-General of UNCTAD, the meeting of multilateral and bilateral financial and technical assistance institutions to review the needs of the least developed countries, in accordance with Conference resolution 98 (IV), had not been held, for reasons of which all were aware. In the meantime, pending the eagerly-awaited establishment of a new international economic order, emergency measures had been taken to alleviate the plight of some of the least developed countries.

39. The record for the measures taken was a sorry one. International decisions remained a dead letter, and the meeting agreed upon at the fourth session of the Conference by consensus seemed likely to be postponed indefinitely. Such a meeting seemed absolutely essential for obtaining a better understanding of the special problems of the least developed countries, and a definite date should be set for it, not later than the first quarter of 1978.

40. Mr. IVANOV (Union of Soviet Socialist Republics), speaking on behalf of Group B, said that the socialist countries had joined in the consensus by which resolution 98 (IV) had been adopted at Nairobi, on the understanding that due regard would be paid to the joint statement issued by them at the time (TD/211), which had outlined a broad programme of measures aimed at solving the problems of the least developed island and land-locked developing countries.

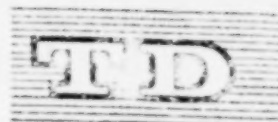
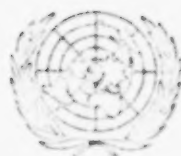
41. Meanwhile, progress had been made in concluding long-term trade agreements with those countries, and trade relations were expected to improve steadily. The socialist countries were prepared to assist in building up industries in the least developed countries, and to accept payment in products rather than in currency, since, in view of the difficult financial position of the latter countries, that would undoubtedly be the most beneficial procedure.

42. Since the fourth session of UNCTAD, the USSR had established trade relations with the Republics of Cape Verde, Madagascar and Sri Lanka, and had concluded a special agreement concerning transit shipments with Afghanistan. Bulgaria had also taken legal measures to assist the least developed among the developing countries. Promising results were also anticipated from a recent decision of the Group of 77 concerning special meetings of technical institutions, as well as from the UNCTAD secretariat's pilot studies aimed at reducing transport costs for island and land-locked countries.

43. Lastly, while fully approving the specific points brought out in resolution 98 (IV), he stressed that any realistic solution to the problems of the least developed among the developing countries would necessarily depend on the reorganization of international relations on a basis of equality and justice.

44. The PRESIDENT said that agenda item 5 (c) would remain open for further discussion.

The meeting rose at 5.15 p.m.



United Nations Conference on Trade and Development

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30 August 1977

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TRADE AND DEVELOPMENT BOARD

Seventeenth session (First Part)

SUMMARY RECORD OF THE 1988 MEETING

held at the Palais des Nations, Geneva
on Tuesday, 30 August 1977, at 12.30 p.m.

President: Mr. de ALMEIDA (Swi. Lanka)

CONTENTS

Institutional, organizational, administrative and related matters (agenda item 7)
(continued)

- (a) Designation of intergovernmental bodies for the purposes of rule 78 of the rules of procedure
- (b) Designation and classification of non-governmental organizations for the purposes of rule 79 of the rules of procedure
- (c) Announcement of any changes in the membership of the Board and election to membership of the main committees
- (d) Rationalization of the structure of the permanent machinery of UNCTAD (continued)

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Corrections to the records of the meetings of the Board at the first part of the seventeenth session will be consolidated in a single corrigendum to be issued shortly after the end of that part of the session.

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS (agenda item 7) (continued)

(a) DESIGNATION OF INTER-GOVERNMENTAL BODIES FOR THE PURPOSES OF RULE 7 OF THE RULES OF PROCEDURE (TD/B/4.13 and add.1-7)

1. The PREMIER invited the Board to consider the applications of seven inter-governmental organizations for designation under rule 7 of the rules of procedure (TD/B/4.13 and add.1-7). In the absence of any objection, he would consider that the Board approved the applications of those organizations, which would be authorized to participate in its discussions and in those of its subsidiary bodies.

• It was so decided.

(a) DESIGNATION AND CLASSIFICATION OF INTER-GOVERNMENTAL ORGANIZATIONS FOR THE PURPOSES OF RULE 7 OF THE RULES OF PROCEDURE (TD/B/4.13 and add.1-7, TD/B/4.17)

2. The PREMIER said that seven non-governmental organizations had applied for designation and classification for the purposes of rule 6 of the Board's rules of procedure. In accordance with established practice, the Secretary-General of UNCTAD had consulted the Bureau of the Board, which had endorsed the relevant recommendations in the note by the UNCTAD secretariat (TD/B/4.17, annex, section B), on the understanding that the secretariat would indicate as rapidly as possible the geographical composition of the International Association of New Countries (TD/B/4.14/a, 3.2, annex, para. 1).

3. The Board should also review the list of non-governmental organizations in the Special Category as having a special interest in the work of the Committee on Economic Co-operation among Developing Countries. The Secretary-General of UNCTAD had consulted the Bureau of the Board, which had recommended, first, that 14 non-governmental organizations (TD/B/4.17, annex, section C) already classified in the Special Category as having a special interest in the work of the Committee of the Board should also be classified as having an interest in the work of the Committee on Economic Co-operation among Developing Countries; and second, that three organizations (ibid., section C), already following the work of the main Committee and having an interest in the work of the Committee on Economic Co-operation among Developing Countries should be transferred from the Special Category to the General Category. In the absence of any objection, he would consider that the Council endorsed the recommendations in the Note by the secretariat (TD/B/4.17).

4. It was so decided.

(b) ANNOUNCEMENT OF ANY CHANGES IN THE MEMBERSHIP OF THE BOARD AND ELECTION TO MEMBERSHIP OF THE MAIN COMMITTEES

5. The PREMIER drew attention to the membership of the main Committees indicated in the Board's report on the second part of its sixteenth session (TD/B/6.1, annex VI) and read out the list of applications for membership received subsequently for each Committee.

7. Since no other "non-research" or "non-theoretical" studies are permitted in the work of the Social Science Council, the Commission on the Social Sciences had to make a study in a field which was "non-research", "non-theoretical" and "non-scientific" in the sense of the Social Science Council. It was decided that the Commission should be the one to make this study.

8. Final Report

(A) Final Report of the Commission on the Social Sciences (attached)

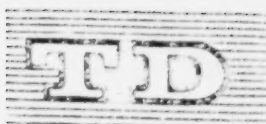
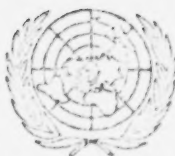
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The Social Science Council



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United Nations Conference on Trade and Development

TRADE AND DEVELOPMENT BOARD

Seventeenth Session (First Part)

SUMMARY RECORD OF THE 474th MEETING

Held at the Palais des Nations, Geneva,
on Wednesday, 31 August 1977, at 11.50 a.m.

President: Mr. de ALMEIDA (Sri Lanka)

Inter: Mr. FEVRE (France)

CONTENTS

Fifth session of the United Nations Conference on Trade and Development (agenda item 4)

Interdependence of problems of trade, development finance and the international
monetary system (agenda item 2) (continued)

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seventeenth session will be consolidated in a single corrigendum to be issued shortly
after the end of that part of the session.

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FIFTH SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
(agenda item A) (TD/B/S/9; TD/B/L.485)

1. Mr. COLLANTES (Philippines) said that his country was determined to contribute to the deliberations of the Board and elsewhere in search of changes designed to bridge the gap between the developed and the developing countries. The need for a more equitable distribution of the abundance of the earth was universally voiced, but measures to alleviate it had been at best palliatives.
2. His delegation was gratified therefore that at the current session the Board was renewing discussions of a wide range of seemingly intractable economic and development issues, and it commended the UNCTAD secretariat for the excellent documentation prepared for the session. UNCTAD played a significant role in development and already had considerable achievements to its credit. His Government attached unique importance to the role of UNCTAD in the United Nations system and hoped that, with the support of member countries, it would contribute fully to the establishment of a new international economic order.
3. But much more remained for UNCTAD to do to achieve a more equitable sharing of the riches of the world among the nations. In that regard the Philippines, with other developing countries, was aware of the imperatives of self-help: mutual co-operation at the sub-regional, regional and inter-regional levels remained one of its major concerns. Co-operative endeavour was surely the only way for the developing countries to achieve true economic autonomy, but on the other hand it would be fatal for the industrialized nations to continue to ignore the present crisis and retreat within the shelter of their national boundaries.
4. It was at Manila, at the third Ministerial Meeting of the Group of 77, that the first practical step was taken for the establishment of a common fund for the integrated programme for commodity. His Government hoped that very soon, more pledges would be made to the common fund and that the resumed negotiations in November would hasten the establishment of the fund. In the same spirit he reiterated the offer made by the President of the Philippines, Mr. Marcos, at the fourth session of UNCTAD, to host the fifth session at Manila in 1979. As host country, the Philippines would comply fully with the requirements set forth by General Assembly resolutions on the subject and guarantee full protection and recognition of the diplomatic rights and privileges of representatives of participating countries, without any discrimination.
5. Mr. LALOVIC (Yugoslavia) speaking on behalf of the Group of 77, thanked the Philippine Government for its generous offer. The efficiency with which the third Ministerial Meeting of the Group of 77 had been organized, and the hospitality extended at the time, augured well for the fifth session of UNCTAD.
6. Mr. FEVRE (France), speaking on behalf of Group B, thanked the Philippine delegation sincerely for its renewed invitation, and warmly supported the draft resolution submitted by the Group of 77 on the subject (TD/B/L.480).

7. Mr. JANTINE (Union of Soviet Socialist Republics), speaking on behalf of Group B, expressed the gratitude of Group B to the Philippine Government for its kind invitation.

8. The fifth session of UNCTAD ought to strive for the solution of urgent problems of international trade and development within the general framework of a restructuring of international economic relations on a just and equitable basis. It was therefore important to prepare for the session with the greatest care.

9. The current efforts provided new opportunities for strengthening the national sovereignty of developing countries, eliminating colonialism and racism, and encouraging the economic and social development of the countries of Africa, Asia and Latin America. The increase in international co-operation, especially economic and commercial co-operation, made it essential that the efforts should become more pronounced, and that concrete results should be obtained in the field of disarmament. The preparations for the fifth session of UNCTAD should take into account the necessity for making renewed efforts at the national and international levels to attain these objectives.

10. The countries of Group B were in favour of strengthening the efficacy of UNCTAD - the most universal of the organizations dealing with international trade within the United Nations system - so that problems of world trade could be studied in the light of the interests of all countries, whatever their degree of development of their economic and social system.

11. With regard to the proposals by the Secretary-General of UNCTAD concerning preparations for the fifth session of the Conference, the countries of Group B felt, as he himself did, that it would be premature to examine at the current session the problems which would appear on the agenda of the Conference. At the same time they wished to emphasize that the general approach of the agenda and the problems it would contain should take due account of the interests of all UNCTAD countries; they should be in keeping with the major functions of UNCTAD; and they should encompass a range of questions of interest for international trade and the restructuring of international economic relations on a democratic and equitable basis.

12. The countries of Group B were of the opinion that the Conference should, as at its previous sessions, hold a general debate on major problems relating to international trade and development, and they supported the suggestion that the full texts of the opening statements in the general debate should be issued as part of the Proceedings of the Conference (TD/B/652, para. 11 (c)). If the Conference dispensed with summary records, the role and responsibility of UNCTAD's information services would be correspondingly increased: it would be their task to report the work of the Conference in an accurate, comprehensive and objective manner.

13. Mr. CH (China) thanked the representative of the Philippines warmly for reaffirming the offer made by the Philippine Government to host the fifth session of UNCTAD.

14. The PRESIDENT invited the Board to take a decision on the relevant draft resolution (TD/B/L.430), subject to minor drafting changes.

15. Draft resolution TD/B/L.430, as amended, was adopted.

16. The PRESIDENT renewed his thanks to the Philippine Government on behalf of the Board. It was at Manila, at the third Ministerial Meeting of the Group of 77, that the proposal to set up a common fund for commodities had first been made, the Philippine Government immediately offering a generous contribution, and that the question of intensive negotiations on commodities had been raised for the first time. The fifth session of UNCTAD too should provoke new ideas and give concrete expression to the interdependence of all countries within a new world economic order.

17. Mr. PAININE (Union of Soviet Socialist Republics), speaking on behalf of Group D, said that the agenda for the fifth session of the Conference should take account of the interests of all countries; it should be in keeping with the major functions of UNCTAD; and it should encompass a whole series of questions of capital importance for world trade and the restructuring of international economic relations on a just and democratic basis.

18. Mr. BERTHOUD (Chief, Division for Conference Affairs and External Relations) pointed out that paragraph 11 (e) of the Note by the Secretary-General of UNCTAD (TD/B/659) stated that the Board might wish to consider deciding to dispense with summary records for the Conference on the understanding that the full texts of the policy statements delivered in general debate would be issued as part of the Proceedings of the Conference. However, no decision on the matter appeared in the draft resolution which had just been adopted. When the secretariat began preparations for the fifth session of the Conference it would therefore take into account the fact that the Board had not accepted the proposal and would make arrangements accordingly.

INTERDEPENDENCE OF PROBLEMS OF TRADE, DEVELOPMENT FINANCE AND THE INTERNATIONAL MONETARY SYSTEM (agenda item 2) (TD/B/665 and Add.1 (Parts I and II)) (continued)

19. Mr. PESHKOV (Byelorussian Soviet Socialist Republic) said that the UNCTAD secretariat's analysis of the economic situation in the developing countries (TD/B/665) confirmed the conclusions of the 1976 World Economic Survey. Both dealt with characteristic phenomena which had a direct bearing on the interdependence of problems of trade, development finance and the international monetary system such as the upheavals occurring during the past few years, which had had serious repercussions on the developing countries. The losses suffered by those countries as a result of the crisis in the developed countries far exceeded the amount of external aid they had received since the beginning of the second Development Decade. That was to be explained by the constant exploitation of the developing countries by the capitalist countries; the maintenance and creation of trade barriers; and the constant increase in the profits of the transnational companies. It was no coincidence that the crisis was growing worse at the same time as those companies were extending their area of activity. There could no longer be any doubt that international monopolies were largely responsible for the disorganized state of the world market, the financial and monetary crises, and the fact that it was the developing countries which had to bear the brunt of the crisis affecting the developed countries.

20. The problem of the restructuring of international economic relations had never been so urgent, but capitalism and its monopolies still prevented any solution. In the progressive spirit of the Charter of Economic Rights and Duties of States and the resolutions adopted by the General Assembly, the elimination of colonialism and neo-colonialism must be extended to the economic sphere. No such international action could be effective, however, unless it was based on measures taken at national level to reform the economic and social system. Otherwise it would be difficult to speak of strengthening the sovereignty of nations over their natural resources, still less of making the activities of the transnational companies subordinate to national interests.

21. Analysis of the interdependence between the different economic sectors was not complete without mention of the enormous waste of resources represented by the arms race which, at the instigation of the capitalist countries, was steadily being intensified. Military expenditure could only hamper economic development and co-operation and aggravate the crisis still further by helping to increase taxation, speed up inflation and swell the national debt in the capitalist countries. The development of weapons of mass destruction was, moreover, extremely dangerous, since it might have unforeseeable consequences. The solution of economic problems was therefore inseparable from the social and economic aspects of disarmament, and if INCTAD took those aspects into consideration when studying the problem of interdependence it might make a useful contribution to the work of the special session which the United Nations General Assembly was to devote to disarmament.

22. The study by United Nations bodies of commercial and economic questions had to a large extent been made possible by the positive changes which had taken place in the world, as reflected in a consolidation of the bases of peaceful coexistence between States with different social systems, the strengthening of international security, and growing international détente. The statement by the Government of the Soviet Union at the thirty-first session of the United Nations General Assembly on 4 October 1976 was an important contribution to the formulation of practical and more effective methods for restructuring international economic relations on a democratic basis. It bore witness to the Soviet Union's faithfulness to the principles of foreign policy it had always applied.

23. His Delegation found it difficult to accept the view expressed in paragraph 6 of document TD/B/665 that the economic outlook for developing countries was influenced by the growth prospects of the countries belonging to the Organization for Economic Co-operation and Development (OECD). In that context it might have been useful to emphasize the role played in economic relations between countries by the principle of equal rights and mutual advantages; by the elimination of discrimination and exploitation of one country by another; and by the elimination of colonialism and neo-colonialism in the economic sphere. Only by taking account of those principles would it be possible to adopt an effective approach to the study of the interdependence of problems of trade, development finance and the international monetary system. It was also important to note that the sound economic relations established between the socialist countries and the developing

countries had been convinced at a time when the economic crisis was becoming intensified in the capitalist countries. The strengthening of the economy of the Soviet Union and the socialist world as a whole created favourable conditions for the subsequent development of their relations with other States in the world.

24. Mr. Fèvre (France) took the Chair.

25. Mr. BACHIR DJIGO (United Nations Council for Namibia), accepting of the invitation of the President, thanked the Trade and Development Board for inviting the United Nations Council for Namibia to take part in the current session. The invitation showed quite clearly that the United Nations regarded the Council for Namibia as the authority entitled to speak on behalf of the Namibian people during the period of illegal occupation of the territory by the racist Government of South Africa. The Council for Namibia had in fact been taking part for some time already in the work of UNCTAD.

26. It was true that the United Nations had a special responsibility with regard to the territory in question, as clearly expressed in the many resolutions of the General Assembly and the Security Council which included requests to the specialized agencies to give the Council for Namibia all possible help. For that reason the Council for Namibia had been invited to consult with certain specialized agencies in Europe with a view to seeking ways of providing assistance to the people of Namibia, and mobilizing international public opinion in regard to the illegal occupation of the territory. The mission had had an opportunity to talk with the Secretary-General of UNCTAD, who had shown a marked spirit of co-operation in the course of a conversation whose main object was to obtain full participation by the Council in UNCTAD's future work, on the same footing as all the other member States.

27. In the course of that meeting, the mission had asked UNCTAD to prepare a preliminary paper on planning and policy to be adopted by Namibia in the field of foreign trade, in order to help the Council for Namibia to establish, for its own territory, trade and development statistics quite separate from those of South Africa, and to enable it to publicize the Council's Decree No. 1 on the protection of Namibia's natural resources. The mission had felt that UNCTAD's aid in that direction would be helpful in exposing the illegal and shameless exploitation of Namibia's resources by South Africa and those who assisted it in its machinations.

28. The illegal régime established in Namibia, in complete disregard of the unanimous will of the international community and the numerous decisions of the United Nations, persisted in unscrupulously exploiting the resources of the territory. The profits from all mining and industrial activities in Namibia went to the foreign white minority, which repatriated almost the entire profits abroad. Yet those huge profits were the result of exploitation not only of the natural resources of Namibia but also, and above all, of its human resources in the form of cheap labour. Three quarters of the African labour force were considered as migrant workers, who were granted access to certain parts of Namibia reserved for the whites only if they had a contract binding them to a specified white employer, and were housed in camps where segregation was enforced.

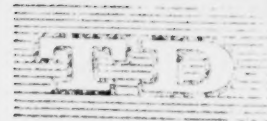
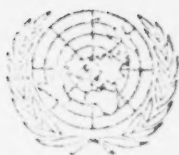
29. Since its inception in 1977, the United Nations Council for Namibia had spared no effort to ensure legitimate representation for Namibia and its people, in full co-operation with SWAPO, designated by the United Nations and by the Organization of African Unity as the authentic representative of the Namibian people. The invitation to the current session of the Trade and Development Board would help the Council to pursue its aims and denounce the unjustified claim of the Pretoria régime to represent Namibia.

30. Namibia was subjected to shameful exploitation both by South Africa and by a host of transnational corporations. It was precisely that period which led the Council for Namibia to adopt the Decree No. 1 on the protection of Namibia's natural resources. The purpose of the Decree was to safeguard the national riches of the Namibian people pending the achievement of independence, but its efficacy depended entirely on the support received from the international community, and especially the developed countries. The Council for Namibia therefore called on all member States and all international organizations and institutions to ensure that the Decree became a decisive factor in the Namibian people's struggle for liberation. Sanctions by member States of all roads and shipments from Namibia passing through their territory, and restrictions on economic co-operation, would speed up decolonization and help to bring the illegal occupation of Namibia to an end.

31. Development normally covered a nation's entire economic and social life. Unluckily for Namibia, the Government of South Africa had always measured growth in terms of a few identifiable units of production, while completely neglecting other universally recognized considerations. Growth of that kind brought with it neither progress nor development, since the huge market it created was very limited and only benefited a few big industrialists - white ones, to make matters worse. The political and social climate created by the South African occupation of Namibia had hampered the inequalities based on racial and social discrimination. Only a radical change in policy could eliminate those differences and lay the foundations for balanced economic development.

32. Namibia was an underdeveloped country. Factors such as cheap labour and strategic minerals like uranium caused it to contribute against its will to the economy of South Africa. The strengthening of all-powerful foreign economic interests on the country's principal resources would pose very serious problems for an independent Namibia. The Council for Namibia was currently preparing for talks on uranium to be held at United Nations Headquarters. In that connexion it would welcome the collaboration of international experts on trade, including UNCTAD's experts on uranium-based products.

The meeting rose at 1 p.m.



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United Nations Conference on Trade and Development

TRADE AND DEVELOPMENT BOARD

Seventeenth Session (First Part)

SUMMARY RECORD OF THE 475th MEETING

held at the Palais des Nations, Geneva,
on Thursday, 1 September 1977, at 11.25 a.m.

President: Mr. B. BILLY (Hungary)

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(c) Progress in the implementation of:

- (i) Special measures in favour of the least developed among the developing countries
- (ii) Specific action related to the particular needs and problems of island developing countries
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FIFTH SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
(agenda item 4) (TD/B/L.480/Add.1) (continued)

1. The PRESIDENT, recalling that the Board had adopted a draft resolution (TD/B/L.480) in which it recommended that the fifth session of the Conference should be preceded by a meeting of senior officials at Manila, proposed that the Board should adopt the relevant statement of financial implications (TD/B/L.480/Add.1).

2. It was so decided.

INTERDEPENDENCE OF PROBLEMS OF TRADE, DEVELOPMENT FINANCE AND THE INTERNATIONAL MONETARY SYSTEM: (TD/B/665 and Add.1 (Part I) and Corr.1 and Add.2 (Part II), UNCTAD/C/L.1015) (agenda item 2) (continued)

3. Mr. FETHEL (World Peace Council), speaking at the invitation of the President, said that in the view of his organization there could be no peace without development and no development without peace. That concept served as a basis for the activities of the World Peace Council with regard to problems of development and their solution, particularly in the interest of developing countries.

4. The current world situation, with all its serious difficulties, provided better conditions than those of the cold war period for the solution of economic problems at the local and global levels. Development was an important political issue which concerned everyone, and political détente should be accompanied by military and economic détente.

5. Economic stability faced many obstacles - debts and deficits of developing countries, increasing economic difficulties of all countries, inflation, weapons production, etc. The arms race and arms trade, and the considerable profits made by transnational corporations and the international financing and banking centres which characterized the neo-colonialist strategy resulted in the impoverishment of the third world. Economic stabilization necessitated a fair use and distribution of money, manpower, production, energy, raw materials and commodities. However, statistics showed that more than 7500 billion had been spent in 1976 on arms manufacture, while the total aid to third world countries had amounted to only 812 billion. Trading in arms had grown considerably and now included 71 countries, many of them developing nations. An even more serious situation was the growth in the nuclear weapons trade and the spread of nuclear technology.

6. On the other hand, bodies such as UNCTAD were making praiseworthy efforts to narrow the gap between developed and developing countries. The establishment of a new international economic order, the establishment of an integrated programme for commodities and common fund, the principles set forth by UNCTAD, and the Charter of Economic Rights and Duties of States, were all ways and means of achieving that goal. However, the gap was continuing to widen. In that regard, mention should be made of the role of the transnational corporations, which possessed 75 per cent of the urban and rural means of production and more than half of the world's trade in commodities, and had the most advanced technology. The profits achieved today by those corporations in developing countries were about 10 per cent higher than their profits in capitalist countries. Twenty years previously, the per capita GNP in Africa, Asia and Latin America had amounted to 9.5 per cent of the per capita GNP in the industrial capitalist countries. Today, it was only 6 per cent.

7. The World Peace Council had therefore welcomed the decisions taken by the Conference at its fourth session, as well as the many decisions taken by international bodies, the Group of 77 and the non-aligned movement. However, the decisions must be implemented and the decisive role which public opinion could play in supporting the action of Governments must not be underestimated. The World Peace Council was convinced of the adverse effects of the arms race and the arms trade on global development, and had carried out a wide range of activities and hoped to obtain positive results in the future, particularly during its second conference on development, to be held in 1978.

8. Mr. ELVINE (France), speaking on behalf of the Group B countries, thanked the UNCTAD secretariat for the documentation it had submitted, which made it possible to view the situation in the proper perspective and to see the interrelationship of the various questions posed by development in general.

9. Recent economic events had given rise to a considerable number of studies which had reached very different conclusions. It was therefore not surprising that today the interpretations and approaches of various members of Group B differed in one way or another from those of the secretariat. The choice made at the most elementary level - the data to be collected, the base years and the variables to be regarded as constants - had a major influence on the conclusions. At a more theoretical level, while there might be general agreement on the importance of a particular phenomenon, the explanations of such a phenomenon might differ widely.

10. However, the Group B members were in general agreement that the secretariat documents on interdependence were extremely useful for the work of the Board. It was important to bear in mind various forms of interdependence, in particular the close link between the economic growth of the developed countries and that of the developing countries.

11. In its study the secretariat also drew attention to a wide range of special policy issues, many of which would be reviewed by the United Nations General Assembly but of which a large number had already been considered in UNCTAD or other international bodies to which the documents made specific reference. UNCTAD itself had a great responsibility: to carry out an ambitious and comprehensive commodity programme. The multilateral trade negotiations appeared finally to be on the point of taking off; they should help the developing countries to obtain increased market access for their exports. In September, the annual meeting of the World Bank and the International Monetary Fund (IMF) would give very careful consideration to certain questions relating to the transfer of resources and the international monetary system.

12. In addition, during the meeting of the Council of the Organization for Economic Co-operation and Development (OECD) on 23 and 24 June 1977, the Ministers of the Group B member States had issued a communiqué which touched on the main subjects discussed in the secretariat document on interdependence. They had pledged themselves in that communiqué to pursue a policy aimed at sustained economic growth in the OECD area as a whole. They had renewed for a further year their Trade Declaration of 30 May 1974 and had also referred to the issues of balance-of-payments adjustment, inflation and investment. In a "Declaration on relations with developing countries" annexed to the communiqué, they had reaffirmed their readiness to pursue actively the on-going dialogue with those countries.

13. Mr. GEMIG (New Zealand) endorsed the statement made by the spokesman for Group B but would like to make a few supplementary comments.
14. New Zealand welcomed the Secretary-General's action in bringing to the Board's attention fundamental questions arising from the interdependence of trade and finance issues. It shared the secretariat's concern about the poor outlook for world economic growth, price stability, balance-of-payments adjustment problems, investment stagnation and the risk of further protectionist measures. Moreover, the growth outlook for the OECD area was not optimistic and, to his Government at least, the international payments position seemed precarious.
15. Those problems were of particular concern for non-oil-exporting developing countries and for some of the smaller OECD members, such as New Zealand. Balance-of-payments deficits had so far been excessively concentrated in certain countries. In the case of New Zealand, the cumulative current account deficits for the years 1974 to 1976 had amounted to over \$4 billion, probably a higher proportionate burden with regard to external trade than in any other OECD country. Restrictions on New Zealand's export markets, particularly for its primary products, were inhibiting all the efforts made by his country to find a way out of its difficulties.
16. The New Zealand delegation agreed with the statement by the Director of the Division concerned that for many deficit countries the most important factor clouding the medium-term outlook was slack demand in countries with current account surpluses. It was also concerned that some deficit countries might not be able to discount world recession again through external financing in the event of a new down-turn in the world economy.
17. The failure of those countries which were in a comfortable balance-of-payments position to take more active steps than they had taken so far in accepting a decline in their surpluses not only depressed the over-all growth rate and world trade but also increased the risk of trade restraints which all agreed should be avoided.
18. In its communiqué of June 1977, the OECD Council had called for faster economic growth in the OECD area in 1978 than in 1977 and for member countries in a strong external position to provide for substantial expansion of domestic demand compatible with further reduction of inflation. His delegation noted with concern, however, reports of faltering economic growth combined with large balance-of-payments surpluses in some important industrialized countries. It observed, however, that those countries were taking steps to stimulate their economies.
19. The balance-of-payments and development problems of many developing countries and the more vulnerable OECD countries such as New Zealand should lessen if expansionary measures were taken by those countries in the best position to do so, namely all developed countries with substantial external surpluses. The prospects

OTHER PARTICULAR MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT (agenda item 6)
(continued)

(c) PROGRESS IN THE IMPLEMENTATION OF:

- (i) SPECIAL MEASURES IN FAVOUR OF THE LEAST DEVELOPED AMONG THE DEVELOPING COUNTRIES
- (ii) SPECIFIC ACTION RELATED TO THE PARTICULAR NEEDS AND PROBLEMS OF ISLAND DEVELOPING COUNTRIES
- (iii) SPECIFIC ACTION RELATED TO THE PARTICULAR NEEDS AND PROBLEMS OF LAND-LOCKED DEVELOPING COUNTRIES (TD/B/AC.21/2 and 3)

26. Mr. LALOVIĆ (Yugoslavia), speaking on behalf of the Group of 77, said with regard to the problems of the least advanced countries that it was regrettable that Conference resolution 98 (IV) and resolutions on the same subject adopted at earlier sessions (24 (II) and 62 (III)) and on other occasions had not been implemented. There was certainly a growing international awareness of those problems, but it had not yet resulted in concrete action. The Group of 77 earnestly hoped that at the two important meetings to be held by the end of the year in accordance with paragraphs 35 and 36 of Conference resolution 98 (IV), decisions would be taken in keeping with the dimensions and urgency of the problems with which they were to deal. Little progress could be expected, however, without a firm will, particularly on the part of developed countries, to apply the decisions taken. It was therefore necessary for the Board, at all its sessions, to review the implementation of decisions adopted on the subject conscientiously and thoroughly, on the basis of the reports of the Secretary-General of UNCTAD.

27. With regard to the problems of land-locked developing countries, the Group of 77 urged all developed countries and all international organizations and financial institutions to adopt special measures in favour of those countries as called for in Conference resolutions 63 (III) and 98 (IV). It also urged developed countries to make generous contributions to the United Nations Fund for Land-locked Developing Countries so that the Fund could become operational.

28. The Group of 77 attached great importance to special measures to meet the particular needs of island developing countries, and it noted with satisfaction that the UNCTAD secretariat was to convene a group of experts on feeder and inter-island services by air or sea for island developing countries; it hoped that the meeting would be the beginning of a sustained effort by UNCTAD in favour of that category of countries.

29. Mr. EL KHAN (Sudan) said it was regrettable that the resolutions adopted in favour of the least-advanced countries had remained a dead letter because of the failure of the developed countries to realize the seriousness of the situation, with the result that the backwardness of those countries had only increased.

30. The developing countries had suffered and were still suffering from the 1974-1975 recession; the purchasing power of their exports had fallen while the prices of their imports had risen, thus increasing their trade balance deficit. The danger of a new recession made it all the more necessary to take effective counter-measures in conformity with Conference resolution 98 (IV).

31. Mr. TARZI (Afghanistan) said that no development policy could be realistic unless it took full account of the special problems of the least developed countries. Unfortunately, the resolutions adopted in favour of those countries had still not been implemented for lack of political will.

32. The two funds which the world community had reluctantly decided to establish (the Special Fund for the Least Developed Countries and the Fund for the Land-Locked Developing Countries) had been a failure. The first had expired prematurely and the second had yet to begin operations because contributions to it were voluntary and the necessary political will had not been forthcoming. The usual argument that a proliferation of funds had to be avoided was hardly valid. It had not prevented the establishment of numerous other funds such as the United Nations Revolving Fund for Natural Resources Exploration, the United Nations Fund for Population Activities, the United Nations Volunteers Programme Fund, the World Food Fund, the International Fund for Agricultural Development or the United Nations Environment Programme, when the political will for such establishment existed.

33. Industrialization was one important area in which measures adopted by the world community had not been implemented. On the initiative of the Group of 77 the second General Conference of the United Nations Industrial Development Organization (UNIDO) had adopted a resolution requesting the Industrial Development Board and the Executive Director to establish an operational unit within UNIDO to deal with the specific problems of the least-developed, land-locked and island developing countries, and also to establish a system of technical co-operation and effective and practical forms of technical and financial aid. UNCTAD, in co-operation with UNIDO, should take the necessary steps for the speedy implementation of that important resolution.

34 bis. A question not raised by the spokesman of the Group of 77 in his statement of paramount importance for the land-locked countries was the right of access to and from the sea. At its first session in 1964, the Conference had reaffirmed that the right of land-locked countries to free access to the sea was a general principle for the expansion of international trade and economic development. That right had been reaffirmed in declarations and resolutions adopted at various international meetings and in those adopted by the Council itself at its sixtieth session. His delegation hoped that UNCTAD, which had recognized the essential and imperative nature of the right of access to the sea from the outset, would take the necessary steps to secure the effective implementation of that right.

35. Mr. KHAN (Pakistan) entirely supported the statement made by the Yugoslav representative on behalf of the Group of 77. His delegation was fully aware of the special economic problems arising from the geographical situation of the land-locked countries and would support any economic measures that might be taken to alleviate those difficulties. The legal issue of the right of access to the sea should, however, be considered at the United Nations Conference on the Law of the Sea; it was outside UNCTAD's competence. Pakistan was nevertheless prepared to continue its collaboration with the land-locked countries, including Afghanistan, in a spirit of friendship and on the basis of internationally-recognized principles.

35. Mrs. ASHARI-MARD (Iran) said that her delegation wholeheartedly endorsed the statement made by the spokesman of the Group of 77. It recognized that the land-locked countries deserved special attention and that all necessary assistance should be given to them; but it considered that the question of right of access to the sea came within the competence of the United Nations Conference on the Law of the Sea, and not that of UNCTAD. While awaiting settlement of the question in the appropriate forum, Iran would do everything possible to facilitate transit across its territory and access to the sea for its neighbour country, Afghanistan.

36. Mr. ANASTASSOV (Bulgaria) said that on 30 June 1977 the Council of Ministers of Bulgaria had decided to allow all products from the least developed countries to be imported duty-free. The UNCTAD secretariat had unfortunately been unable to issue the list of countries benefiting from that preferential measure before the Board's session. Bulgaria intended to strengthen its trade relations with the least developed countries in that way, and it hoped that other countries would follow its example.

37. Mr. FARUJ (Afghanistan), replying to the observations made by previous speakers, said that the problem of the right of access to the sea had always been approached from two angles: that of the law of the sea and that of trade and development. Because of the indissoluble link between economic development and trade, and in view of the poor results so far obtained by the Conference on the Law of the Sea, his delegation remained convinced that the problem could and should be considered by UNCTAD as the main organ of the United Nations system for economic and development questions.

38. Mr. BRILLANTES (Philippines) said that as a representative of an island developing country he supported the statement by the spokesman of the Group of 77. At the fourth session of the Conference, on the occasion of the submission of the Manila Declaration and Programme of Action, the Philippine Government had offered a sum of \$50,000 for the provision of technical assistance to the least developed countries. It had then been agreed that consultations should take place between the secretariat and the representative of the Philippines at Geneva on the best means of utilizing the funds. Nothing more had been heard either of the Philippine Government's offer or of the steps that were to have been taken subsequently by the secretariat. He hoped the secretariat would give the Board some information on the subject, possibly in the form of an addendum to a document of the session.

ADMINISTRATIVE MATTERS (agenda item 1) (continued)

(a) ADOPTION OF THE REPORT ON CREDENTIALS (TD/B/674)

39. Mr. STEINBERG said that, in accordance with rule 17.2 of the Board's rules of procedure, the Bureau had examined the credentials of representatives. In the absence of any objection, he would consider that the Board adopted the report of the Bureau (TD/B/674).

40. It was so decided.

(a) PROVISIONAL AGENDA FOR THE EIGHTEENTH REGULAR SESSION OF THE BOARD AND ORGANIZATION OF THE WORK OF THE SESSION (TD/B/L.478)

41. The PRESIDENT suggested that the Board should adopt the provisional agenda for its eighteenth session (TD/B/L.478) and should authorize the President, in consultation with the Secretary-General of UNCTAD, to adjust it as necessary, on the understanding that a supplementary item on disarmament would be added in accordance with the decision taken by the Board to keep the matter under constant study.

42. It was so decided.

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS (agenda item 7)
(continued)

(b) ANNOUNCEMENT OF ANY CHANGES IN THE MEMBERSHIP OF THE BOARD AND ELECTION TO MEMBERSHIP OF THE MAIN COMMITTEES (continued)

43. The PRESIDENT said that the secretariat had been notified by Saudi Arabia that it wished to become a member of the Committee on Shipping and the Committee on Economic Co-operation among Developing Countries. The name of Saudi Arabia should therefore be added to the list of members of those committees.

(c) REVISION OF THE RULES OF PROCEDURE OF THE BOARD AND ITS MAIN COMMITTEES

44. The PRESIDENT invited the Board to consider draft decision TD/B/L.481. In the absence of any objection, he would take it that the Board adopted the draft decision.

45. It was so decided.

The meeting rose at 1.05 p.m.